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The Western Pacific in the Year 2000:
Political and Security Trends
and Their Implications

The Western Pacific in the Year 2000:
Economic Trends and Their Implications

Regional Issues: Australia, Indonesia,
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The State Address of President Soeharto

As part of the tradition of the New Order in Indonesia, celebrating the 39th anniversary of Indonesia's independence the President delivered a state address before the Plenary Session of the House of Representatives (DPR) on the eve of Independence Day, 16 August, 1984.

Every state address has a great significance, for on that occasion the President presents to the DPR and the entire people an overall picture of diverse matters concerning the life of the state in general and various problems on national developments in particular.

Unlike the previous state address (16 August, 1983) in which the President stressed the prospects of Pelita IV (the Fourth Five Year Development Plan), which at that time was about to be implemented, the 1984 state address was delivered at the time when the Indonesian state and nation had entered the first year of the implementation of Pelita IV.

In this regard the 1983 state address focused on the maturation of the preparations for the implementation of Pelita IV, while that of 1984 seems to give more emphasis on further clarification and some principal issues for the achievement of the targeted goal in today's stage of national development, by implementing Pelita IV.

In the state address of August 16, 1983, President Soeharto pointed out that the next stage of national development, namely Pelita IV, would constitute an important one in the long-term process of national development in which it was expected that Indonesia will have reached the take-off state of sustained economic growth. This means that in Pelita IV the country must be able to create a framework for the take-off stage to be consolidated in Pelita V

Many experts hold that the term "take-off" in Pelita VI is not merely an economic one, though the economic field has an important role to play, but that it should be interpreted as a term encompassing all aspects of life of the state and society.

This can also be noted in President Soeharto's state address of 16 August, 1984, in which it is put forward that the basic framework of the economic is prerequisite since the economic development will greatly affect the direction and nature of our national development in general and the development in other fields. However, the creation of the basic framework for the take-off also includes that of the framework in political life, in the domain of the state apparatus, the cultural field and that of defence and security.

He also said that no matter how important the basic framework may be in those diverse fields, the most decisive factor in determining the success of the Indonesian people in carrying out development and creating the foundation of a just and prosperous society based on Pancasila, is the Indonesian man himself. In other words, it is the quality of the Indonesian man and not that of the abundant natural resources which will lead to the success of building the ideal society. And it has been proven that during the last fifteen years the Indonesian nation has been able to build their own future. Therefore, the quality of the Indonesian people has to be improved so as to enable them to realize their ideals based on self-confidence and great responsibility.

The criteria to be used in assessing the development achieved so far is the consensus achieved on a national scale, as stipulated in the Broad Outlines of the State Policy (GBHN), which are as follows: *First*, improving living conditions, increasingly equitable distribution of the prosperity and intellectual level of the whole Indonesian people; *second*, the laying of a strong foundation for the next stage of development. In addition, another criterium is the Development Trilogy which encompasses equity, growth and stability.

Based on the aforementioned criteria, the President reiterated that after going through three Pelitas, the Indonesian nation has indeed made considerable progress. The people's welfare as the main development aim has been improved. Their average income has increased as a consequence of an adequate economic growth rate and the successful curbing of population growth, so that Indonesia has advanced from the status of a low-income nation to that of a medium-income one. The average increase in income, however, may not illustrate the real level of the welfare of the people if it is not accompanied by a decreasing number of the poor.

In view of the definite direction of the use of development funds and the diverse policies implemented one may say that to date continuous efforts have been made to raise the income of the people at large, especially those in low in-

come brackets, such as small farmers, tenant farmers, fishermen, craftsmen, and other small income groups in society.

In the field of education quite significant progress can also be noted. In 1976 it was registered that there were 40 illiterates among 100 of the population and in 1983 the figure dropped to 30 among 100. This figure has further decreased so that in the final year of Pelita III almost all school-age children can be accommodated in elementary schools. With the implementation of compulsory education which has been embarked upon since the first year of Pelita IV it follows that there will be no more school-age children who will not be accommodated in elementary schools. The compulsory education campaign was regarded by the President as one of the major achievements of national development, in view of the large number of population and Indonesia's geographical situation which comprises thousands of islands.

Likewise, the health conditions of the people for the period of three Repelitas have been improved with the increase of the number of doctors, nurses, midwives and other medical personnel. Public Health Centres have been set up in every sub-district (kecamatan) aside from Mobile Health Centres which offer health services to people living in remote areas. Another endeavour in the field of public health is the provision of clean water and electricity, the improvement of environment and public housing, of which the number is constantly being increased. The infant mortality rate is decreasing year by year and the life expectancy of the population has become longer, namely from 45 years at the average in the 1970s to 56 years at the average in the wake of Repelita III. These are indications that public health conditions are improving.

One point which was for the first time mentioned by President Soeharto in the state address is the resurgence of women in the development momentum in general and the endeavour among the women themselves to continuously improve themselves and their families, welfare through Family Welfare Promotion (PKK). This has certainly aroused a feeling of pride among Indonesian women and the whole Indonesian people.

Another important section of President Soeharto's state address is that of political development which has been going on since the onset of the New Order, in the framework of implementing Pancasila and the 1945 Constitution consistently and authentically. This means among other things the reorganization of government's institutions, in terms of their function and work mechanism, and the reorganization of socio-political organizations. One of the steps that has been taken is to simplify the party system with the promulgation of Law No. 3, 1975 on Political Parties and Golongan Karya (the Functional Group), so that in national politics there are only three socio-political forces, respectively PPP, PDI and Golkar.

In 1983 the MPR (People's Consultative Assembly) made an important decision concerning the continuation of political development in Indonesia i.e. by incorporating in the GBHN of 1983 a decree designating Pancasila, the basis of the state and ideology of the Indonesian nation, to be the sole principle of the three socio-political forces. Hence it is expected that the ideological compartmentalization, which in the past has given rise to a situation threatening the unity of the nation, will be ruled out so that competition among the three socio-political forces will no longer be ideological but programmatic in nature.

Since then this has given rise to a variety of views and questions in the society at large as to whether Pancasila as the sole principle should also apply to social organizations.

Upon closer examination of the 1983 state address one may expect that trend. In the part of the 1983 state address related to Repelita IV which at that time was about to start, it was stated among other things that within the framework of establishing the foundation for the take-off in Pelita IV an "overall Pancasila atmosphere" has to be created. This may a.o. be taken to mean that Pancasila which has been accepted as the sole principle of socio-political organizations should also apply to social organizations. This being the case, what about the social organizations that have up to now been based on religion? Should the religious basis be replaced by the Pancasila principle?

President Soeharto gave a clearer directive in his state address of August 16, 1984 on the matter.

In the framework of implementing GBHN and other MPR Decrees, in June 1984 the government submitted a number of bills to the DPR (House of Representatives), namely the bill on the perfection of the general elections, on the position and formation of MPR, DPR and DPRD (Regional House of Representatives), on Political Parties and Golongan Karya, on the Referendum, and on Social Organizations. The purposes of those bills is none other than to create the basic framework, particularly in the political field, for the continued implementation of the New Order's conception since its birth to pursue developments in the political life. Particularly the Bill on Social Organizations, which, aside from abiding by article 28 of the Constitution providing for freedoms of association, assembly, and expression in spoken and written form, and the like, will be stipulated by law, is also intended as an effort to improve the role of social organizations in national development pursuant to their respective activities, professions and functions.

In this regard it is clearly expounded in the state address that pursuant to the 1983 GBHN, the conduct of development is the implementation of Pancasila which is the sole principle of socio-political organizations, whereas with

the promulgation of the law on social organizations it would also be necessary to affirm that all social organizations also have a common basis and that those organizations use Pancasila as their sole principle, in the sense that it is the principle of life for society, the state and the nation, in the framework of active participation in development as the implementation of Pancasila.

Accordingly there will be a noticeable continuation and intensification of the steps that have been taken since 1945 in the political life. In 1945 the Indonesian nation was fully determined to make Pancasila the foundation of the state, and in 1978 the MPR decreed P-4 (the Guidance to Living and Practising Pancasila), and in 1983 the MPR affirmed the conduct of development as the implementation of Pancasila and decided to enact the decree on Pancasila as the sole principle for socio-political organizations. It would seem natural if an "overall Pancasila atmosphere" is created in establishing the basic framework for take-off in the coming Pelita VI.

It seems that many in society find, the above principles acceptable although some circles, especially those social organizations which have up to now been active in the field of religion or based on religion still have their doubts.

In this regard it seems necessary to point out again the affirmation of the President in his state address that the application of Pancasila as the sole principle does not imply neglecting or reducing the attempts to promote religious life in Indonesia. On the contrary, the best possible relations between religious and political life in Indonesian society will be developed. Religions serve as sources of motivation and inspiration for their respective adherents, and so, being responsible citizens they make their choice among the existing socio-political forces, all of which use Pancasila as their sole principle. In this way, every religion in Indonesia can provide a strong ethical and moral foundation for political life.

In the bills put forward is also guaranteed the existence of social organizations established voluntarily by members of society as Indonesian citizens, based on the equality of religions and belief in God the Almighty. This shows exactly to what extent we pay attention to the religious life of our society and how highly we respect it. The stipulation on the life of social organizations embodied in the law was also asserted by the President, in that there is not the slightest intention, directly or indirectly, to reduce religious freedom. The right of religious freedom is not the gift of the state and even less the gift of one group or another. This is explicitly guaranteed by the Constitution and is also spelt out in the MPR Decree No. II, 1978 on P-4 and in other stipulations of the law.

The Bill on Social Organizations is being debated by the DPR. It is the hope of all parties and social groups that the debate will lead to the most ap-

appropriate formulation, to the effect that Pancasila constitutes the sole principle for social organizations, which is concurrently an endorsement that religion will be fully respected and that it will never be confused with Pancasila, as asserted by President Soeharto himself in the state address.

Now is the right moment to accomplish fully development in the political field, as this is one of the most important aspects in establishing the basic framework for the take-off period in a long-term national development.

A. Sudiharto DJIWANDONO

The Significance of the PPP Congress of 1984

PPP (the United Development Party) held its first Congress on 20-23 August 1984. The Congress was opened by President Soeharto in the Senayan Convention Hall in Jakarta. The following sessions were held at Ancol Horizon Hotel which served concurrently as a lodging for the participants. This congress was attended by 576 representatives of the DPC (Sub-district Leadership Council) and 54 representatives of the DPW (Regional Leadership Council).

PPP as a fusion of four Islamic parties, i.e. NU (Nahdlatul Ulama), Parmusi (Partai Muslimin Indonesia), PSII (Partai Syarikat Islam Indonesia), and Perti (Persatuan Tarbiyah Islamiyah) constitutes a socio-political organization which conceives and channels the aspiration of a certain group of the community based on Islam. This fusion was held in line with the determination of the New Order for the reform and simplification of political life in Indonesia.

Initially the four Islamic parties were grouped in the confederation of the United Development Party which was formed on 14 March 1970. Nevertheless, in the general election of July 5, 1971 the four parties still came to the fore as contestants with their respective party symbols. After the general elections at a meeting of the Working Committee Presidium and the Leadership of United Development Faction of the DPR a consensus was reached to form a common vehicle for the struggle of the four political parties.

On January 5, 1973 the Declaration on the Fusion of the four Islamic parties under the name of the United Development Party (PPP) was issued. This declaration on the fusion was signed by the Presidium of the United Development Group which comprised: K.H. Dr. Idham Chalid (NU); H.M.S. Mintaredja SH (Parmusi); H. Anwar Tjokroaminoto (PSII); Rusli Halil (Perti); and K.H. Masjkur (NU). Then on 13 February 1973 the party's Constitution was ratified and so were its Bylaws on 1 November 1974. It was also stipulated in the Constitution that a Party Congress shall be held at the latest every four years to elect and reorganize the DPP (Central Executive Council) and to lay down the work program of the party.

The existence of PPP as one of the socio-political forces together with Golkar and PDI (Indonesian Democratic Party) is sanctioned in Law No. 3, 1975, on Political Parties and Golongan Karya (Functional Group). The fusion and groupings of the socio-political organizations constitute the initial step of the reform of political life that guarantees the maintenance of the nation's unity and integration, Pancasila and the 1945 Constitution, national stability, and the implementation of national development to improve the welfare of all the Indonesian citizens.

In the law, the three socio-political organizations (PPP, Golkar and PDI) aside from using Pancasila and the 1945 Constitutions as their respective principles, may also apply the principle of identity to identify themselves. PPP uses Islam for this purpose. Through Islam PPP presents itself as a party belonging to those Indonesian citizens who adhere to the Islamic religion (Islamic party). In the General Elections of 1977 and 1982 it came to the fore as one of the contestants which the electoral symbol of the Ka'bah (the holy Shrine in Mecca) so that it managed to draw the sympathy of the mass of voters, especially from those adhering to the Islamic faith, to support the party.

The GBHN (the Broad Outlines of the State Policy) of 1983 stipulates that political parties and Golkar constitute one of the basic capitals of national development. Therefore the political parties and Golkar should really become socio-political forces based on Pancasila as their sole principle. This means that the identity principle, which up to now has been used by the political parties and Golkar, has to be abolished. Consequently Law no. 3, 1975 which regulates the life of political parties and Golkar has to be abolished. At present the bills on the Reform of Law no. 3, 1975 on political parties and Golkar have been submitted by the government to the DPR to be discussed and ratified.

Anticipating the passing of the Law on the Reform the political parties and Golkar have to begin to adapt themselves. Golkar did it in its National Congress on October 20-25, 1983 in Jakarta. PPP followed suit in its first

Congress and so will PDI in its next congress. Accordingly the three socio-political forces will use Pancasila as the sole principle.

Furthermore, we may note some significant results in the process of the reform of political life at the first PPP congress. This congress was held after the 11th anniversary of PPP as a socio-political organization. For 11 years PPP has, as a political party brought about by a fusion, made internal reforms. In this process there arose conflicting interests between the party elements that have been fused or internal conflicts in the party element itself (NU). All those internal conflicting interests have become an obstacle to the realization of a total fusion within the body of PPP. It is in such an internal situation, topped by the desire to adapt itself to the steps taken for the reform of political life as embodied in the GBHN, that the first congress of PPP took place.

In the light of this background we may say that the first congress of PPP in 1984 has great significance. This is reflected in some decisions of the congress which are important for the internal life of PPP itself and for the reform process of the life of socio-political organizations in general. The decisions which are of significance are as follows: *First*, to accept, incorporate and sanction Pancasila as the sole principle in the Constitution/Bylaws of the party. This means that the identity principle, i.e., Islam, is abolished. *Second*, to realize a total fusion of the party and to stipulate that the membership in the party shall be of individual nature. This means that PPP has begun to shift from a mass party to a cadre party. *Third*, to stipulate that PPP shall be oriented towards national development programmes and cease to be ideology-oriented. This means that Islam, which was once the ideology of PPP ceases being one. PPP accepts Pancasila as the sole ideology. Hence, competition between the political parties and Golkar to get mass supporters in the general elections will only be held through the presentation of the best work programmes for national interests and shall no longer serve the interests of the group itself. *Fourth*, to agree on making PPP an open party. This means that the PPP membership which is individual in nature is open to all Indonesian citizens regardless of their religion or race. It follows that PPP is no longer a socio-political organization exclusively for adherents of Islam but has become national property. *Fifth*, to accept the Dual Function of ABRI (the Indonesian Armed Forces). *Sixth*, to simplify the institution of the party, namely by abolishing the Presidency of the party and the Syuro Assembly and by replacing it with the Consultative Assembly (MPP). This body serves to give advice or consultations regarding policy to the Central Executive Council (DPP) of the party. Perhaps this is intended to facilitate the internal consolidation of the party towards a total fusion. *Seventh*, to sanction the Ka'bah as the symbol of PPP, which, however, shall not necessarily become the electoral symbol of the party.

The first PPP congress has succeeded in taking important decisions. The organizational institution at the level of DPP and MPP has been formed. Many young figures have been recruited in the executive board. The Constitution/Bylaws have been reformed. It now depends on the organizational executive how to socialize all the decisions. In this process they will certainly face challenges or obstacles especially from the frustrated elements.

BABARI

New Tax Regulations and Trends in Foreign Investment

The trend of capital investment in Indonesia during these last few months is very interesting to note. Some economists have expressed their concern after observing the declining trend of capital investment in Indonesia particularly since early 1984. This concern does stand to reason for the present decline of investment may lead to the decline of Indonesia's productiveness in the future. When the impact will be felt depends on the gestation period of the investment concerned.

In Pelita IV (the Fourth Five-Year Development Plan), which was embarked upon in April this year, the private sector is expected to play a greater role compared with the previous years. In the estimate of the government, in order to achieve an average economic growth rate of 5 per cent per year an investment amounted to Rp 145.2 billion would be needed. About 34.16 per cent of the investment are expected to come from government savings, 20 per cent from program and project aids and the rest, about 45.9 per cent, from public savings and other foreign resources such as foreign capital investment. Given the development of capital investment since 1984 there arouse doubts on the ability of the private sector in meeting the need of investment. According to the available data Domestic Investments and Foreign Investments that were approved by the government in the first semester of 1984 only amounted to Rp812 billion, while during the same period of last year they amounted to Rp3,755 billion and during the same period of the year before they stood at Rp1,856 billion. During the year 1983 the investments approved by the government both Domestic and Foreign amounted to Rp9,923.9 billion and this amount exceeds by far the target estimated before (approximately Rp6,000 billion).

On the basis of observation one can say that the recent declining trend of capital investment is caused by some factors among which is high interest rate, new tax regulations which have begun to be in force and the still complicated investment procedure. The new tax regulations considered to be not conducive to investment are those on the abolishment of tax holidays and tax allowances and depreciation. Before 1984 the Indonesian government provided tax holidays and tax allowances to investors but with the new tax regulations those facilities have been abolished on account of the fact that the benefit is no longer proportional to the burden imposed on Indonesia's economy. From observation it appears that the provision of tax holidays and tax allowances is no longer a dominant factor in stimulating capital investment in Indonesia, but the provision of those facilities just stimulates investors to invest their capital in quick yielding economic activities -- which in many cases are not in line with the demands of Indonesia's economy or the priority scales set by the government. In view of all these it is expected that the Indonesian government will continue with the abolishment of the tax holidays and replace it with incentives in some other form.

In the new tax regulations the company assets are classified into four categories which are as follows:

Category I: depreciatory property excluding buildings which have a utility period of no longer than 4 (four) years with a depreciation tariff of 50 per cent of the book value each year.

Category II: depreciatory property excluding buildings, having a utility period of more than 4 (four) years and not longer than 8 (eight) years with a depreciation tariff of 25 per cent of the book value each year.

Category III: depreciatory property excluding buildings, having a utility period of more than 8 (eight) years with a depreciation tariff of 10 per cent of the book value each year.

Category IV or the Category of Buildings: buildings and other moveable property, including additional repairs or changes with a depreciation tariff of 5 per cent of the purchase price each year.

In accordance with the Decision of the Finance Minister of the Republic of Indonesia No. 961/KMK.04/1983 most of the assets that are not included in Category I and IV are included in Category III. This is considered unprofitable by the business people so that they become less enthusiastic to make investments.

To deal with this problem and to reverse the trend of capital investment (towards its increase) the government has taken some measures. In the Deci-

sion of the Finance Minister of the Republic of Indonesia No. 826/KMK.04/1984 of August 8, 1984 it is stipulated that almost all assets previously classified as Category III become Category II with a depreciation tariff of 25 per cent. In addition, the government offers capital legalization in addition to the pardoning of tax in arrears which has been put into effect. As to the capital legalization, however, capital owners have to follow a certain procedure, that is, the capital must be derived from bank deposits of at least 3 months.

In the attempt to simplify the procedure of capital investment, as of October 1, 1984, the Capital Investment Coordinating Board has enacted the Decree of the Chairman of the Capital Investment Coordinating Board No. 15/1984. With this decree the capital investment permit and facilities are simplified and would be investors are enabled to acquire directly a Permanent Permit and the Provisional Permit which must be obtained before acquiring the Permanent Permit abolished. In this way it is possible to save time and expenses.

In the face of the current trend of investment one can say that the government of Indonesia has become increasingly sensitive with regard to the complaints of investors. Such a stance may certainly constitute a factor that can stimulate capital investment in Indonesia, the more so after the government has declared its intention not to rule out the possibility of extending certain facilities to investors. What has become a striking problem now is the still very high interest rate and the lack of keenness on the part of investors to discover business fields that are quite profitable and in line with the development strategy to be implemented in Indonesia. Some investors hold that business in Indonesia has increasingly become limited. According to observations, however, this is not true and there are still many enterprises that call for capital investment and have bright prospects.

Pande Radja SILALAH

The Rise of the Dollar and Indonesia's Monetary System

The continuing appreciation of the U.S. dollar since Reagan's election in 1980 has produced a dilemma in Indonesia's monetary policy in general and in

exchange rate policy in particular. On the one hand, there are strong arguments for avoiding to the extent possible an overvaluation of the rupiah but, on the other hand, an undervaluation may jeopardize the effectiveness of the country's monetary system. This dilemma and its possible policy impacts are the main concern of this note. For that purpose, however, an examination of the dollar's strength and of the factors behind it seems necessary.

Understanding the Strength of the Dollar

There is a strong tendency to misinterpret recent developments in Indonesia's monetary scene exclusively in terms of a continued weakening of the rupiah. All that has been put into question is the fate of the rupiah and not the strength of the dollar. This is largely misplaced. Though Indonesia's economy has in no way been free from disturbances in the last four years, its performance is, by and large, not disappointing in absolute terms. The political climate, investment climate, monetary stability, growth achievements and the balance of payments, all are still favourable though certainly inferior if reference is made to the period prior to 1980. In other words, one can hardly support the hypothesis according to which the rupiah has continuously depreciated against the dollar. What happens instead is a continuing dollar appreciation. And to argue that a dollar appreciation is a rupiah depreciation is double counting.

The present dollar appreciation is a worldwide phenomenon. Indeed, a closer look at the international monetary scene over the last four years suggests that the dollar appreciation against the rupiah was a moderate one. The rupiah price of the dollar increased from 625 in 1980 to about 1,058 at mid-September 1984, implying an appreciation of about 69 per cent. This is not an astonishing development in view of the same appreciation *vis-à-vis* other strong currencies in the same period, namely 8 per cent against the yen, 49 per cent against the Swiss franc, 66 per cent against the D-mark, 84 per cent against the pound sterling and as high as 119 per cent against the French franc. These comparative statistics show that it certainly is misplaced to perceive the dollar appreciation *per se* as a horrible overture to an irresistible crises of the rupiah.

The dollar appreciation itself cannot be explained by a single variable. It started short after Reagan's election though people tended to trifle this start as a pure "psychological effect." But Reagan's triumph over Carter was of great relevance to economic development as whole and to the dollar external value in particular. It was a prelude to a better investment climate which, together with other policy measures such as tax cut, eventually brought about the well known improvements in the U.S. economy.

According to the last estimate of the OECD the U.S. economy would continue to grow by no less than 6 per cent in 1984. This performance is the more

important to note since it possibly would occur without serious damage to the country's monetary stability. Despite a small increase to about 4 per cent in 1984, U.S. inflation rate is expected to be one of the lowest among OECD countries, let alone in comparison to inflation rates in developing countries like Indonesia. Fearing the famous trade-off between economic growth and monetary stability, however, the discount rate has been kept high or at least higher than prevailing rates in other major developed countries. This high interest rate may have slowed investments. But as long as exchange rate is concerned, it provides another impulse to the phenomenal dollar appreciation.

Given the "clean" floating which the Reagan Administration adheres to, it is easy to understand how the developments outlined above have led to the nearly uninterrupted appreciation of the dollar in the last four years. I now turn to discussing the impacts of this appreciation on Indonesia's monetary scenery.

Why Does It Matter

It certainly is not sound to argue that the recent developments in the U.S. economy in general and in the dollar's exchange rate in particular are nothing but harmful to the rest of the world. The expanding domestic demand in the United States is the main factor behind the growth of world trade that takes place after the depressed year 1982. Growing U.S. import has made it possible for the world trade to grow by 2 per cent in 1983. Thanks to the increasing U.S. import we can also expect that the world trade would continue to grow by 7 per cent in 1984 and by 5 to 6 per cent in 1985. Notice that the deficit in U.S. trade balance is expected to increase from 61 billion dollar in 1983 to no less than 122 billion dollar in 1985 and that the slice of this deficit which can be compensated by the surplus in trade in services is diminishing.

The latter point is important. Financing current account deficits through increasing external borrowing in certain years will induce an increasing outflow of investment income in subsequent years. Besides, dollar appreciation provides a strong incentive to U.S. residents to spend their money abroad, meaning another deficit pressure on the services balance. In other words, those factors which are mainly responsible for the dollar appreciation in the last years will certainly lead to a situation where the external value of the dollar has to take contrary direction.

As to the expansive effect of the increasing U.S. trade deficit an interesting development in Indonesia's trade balance needs to be noted here. Indonesia's total export in 1983 was 1.2 billion dollar below her total export in 1982. Yet,

Indonesia's export to the U.S. exhibited in the same period an increase as high as 721 million dollar or 20 per cent of the 1982 export value. Nonetheless, the fact remains that the dollar appreciation and its underlying factors have, from time to time, caused a small quake in Indonesia's monetary scene.

Higher U.S. interest rate means among other things an increase in Indonesia's debt service. Dollar appreciation implies higher debt services in real terms, the more so when unit value of export stagnates or even falls. To prevent capital flight domestic interest rate also has to be raised despite possible contractive effects on investments, on which the future economic growth and employment depend. The continuing appreciation of the dollar has turned out to be a strong incentive to foreign exchange speculation. Indeed, a kind of "bi-currency standard" has emerged in Indonesia's monetary scene, if only partial in coverage. Uneasy about another appreciation of the dollar some businessmen prefer to denominate their deals in dollar instead of in rupiah. The standard of account and that of stored value has shifted from rupiah to dollar, meaning more imperfections of the rupiah as a currency. The importance of this systemic embryo should not be underestimated. Its uncontrollable growth may put the whole monetary system in jeopardy.

Moral Suasion

The above analysis suggests that the dollar appreciation is not necessarily a blessing to Indonesia's economy. However, there are also strong arguments for not deferring exchange rate adjustments. An overvalued rupiah is an ugly maiden for export promotion. The rupiah countervalue of government income emanating from oil export and external borrowing will also be lower in case of overvaluation than otherwise would be, meaning that serious problems may arise in government finance. This is the dilemma facing the country's monetary authority.

The need for export promotion, the "buying Indonesian campaign" and other reasons, such as fiscal related arguments, suggest that a refrain from exchange rate adjustment, while the dollar continues to appreciate, is an inferior alternative. But how can then the government persuade people to believe that an increase in dollar price is not very much different from a similar increase in price of cement and that a decrease in dollar price which is likely to take place in the next year irrespective of who wins in the coming U.S. presidential election is not necessarily a blessing?

There is the so-called moral suasion in banking economics. The fact that the dollar appreciation is always misperceived as a horrible overture to rupiah

crisis indicates the ineffectiveness of the banking system in general and of the Central Bank in particular in employing this old monetary instrument. This is important to note because the free foreign exchange system and the somewhat liberalized banking system now prevailing in Indonesia may not survive frequent shocks, how minor the individual shocks may be.

Djisman S. SIMANDJUNTAK

Annual Meeting of ASEAN Foreign Ministers

For some reasons the 17th annual meeting of ASEAN foreign ministers held in Jakarta from 9 to 11 July this year was of special significance. At the formal level, it was for the first time that Brunei Darussalam was represented by its foreign minister as a full member -- the first non-founding member -- of the association since its entry early this year shortly after the attainment of its full independence. Previously it had been represented in various ASEAN gatherings only by an observer.

ZOPFAN

Certain matters of substance, however, are worthy of note. The first was the emphasis of the keynote address delivered by President Soeharto of Indonesia at the opening of the meeting on the ASEAN concept of ZOPFAN or the idea of Southeast Asia as a zone of peace, freedom, and neutrality. Since the idea was announced through the Kuala Lumpur Declaration of 1971 and subsequently adopted as a desirable objective to be pursued by ASEAN at the first ASEAN Summit Meeting in Bali in 1976, the ASEAN states through statements and pronouncements at various levels have repeatedly expressed their commitment to its realization.

The President said that "ASEAN is determined not to let itself become an arena of rivalry among the great powers which is not at all in the interest of ASEAN. That is why we cannot sit idly by in the face of a situation that threatens the peace and stability of our region." He said further that in order to avoid becoming an arena of great power rivalry ASEAN must be able to reflect the determination of its member states to manage and determine their own future in ways and in accordance with ideals that are considered to be

good by their own peoples. That is also why ASEAN is determined to make the region of Southeast Asia a zone of peace, freedom, and neutrality.

To be sure, those are hardly new themes. However, seen against the backdrop particularly of the Kampuchean conflict, which has resulted in the increasing presence and intervention of external great powers, and the strained relations between the superpowers that have marked world politics at least in the first half of this decade, the President's statements assume special importance reiterating ASEAN's preoccupation. After all, concern with the threat of external interference was not only the chief motivation behind the ZOPFAN proposal but it was also a major consideration for the establishment of ASEAN itself. Both the Kampuchean conflict and the current development of relations between the superpowers have put the ZOPFAN principle, and indeed the basic idea of ASEAN regionalism itself, in jeopardy. And a speedy and proper solution of the Kampuchean conflict and the easing of tension in East-West relations will certainly be in the best interest of ASEAN and the region of Southeast Asia.

The Kampuchean Conflict

Unfortunately, the final stand on the Kampuchean conflict as stated in the joint communique issued at the end of the ministerial meeting may be said to constitute a setback in the search for a political solution. Strangely, a joint statement on Kampuchean had been issued on the first day of the meeting, which may have been intended to prevent the meeting from being dominated entirely by the Kampuchean question. In itself the statement seemed to contain a new positive element in addition to the so-called ASEAN appeal. It affirmed support for the idea suggested previously by Prince Norodom Sihanouk on a national reconciliation among all Khmer forces in Kampuchea as an essential step toward the restoration and maintenance of the country's unity and independence in the search for a lasting political solution of the conflict.

The statement said that such a national reconciliation is "an essential element for the creation of peace, security, stability and long-term development in Kampuchea, which will also contribute to the security of its neighbouring countries including Vietnam." And although the statement opened by taking note of Vietnam's rejection for the past five years of international call for an end to its military occupation of Kampuchea and for its participation in the search to find a comprehensive political solution of the Kampuchean question, it no longer used the term "total" but instead "early" withdrawal of Vietnamese forces from Kampuchea under international supervision.

For reasons that can only be surmised from its wording, however, the mild and conciliatory tone of the joint statement was suddenly torpedoed by the harsh tone of the part of the joint communique that deals with the Kampuchean conflict. After reiterating the ASEAN appeal, it states that the foreign ministers "expressed their serious concern over the recurrent acts of Vietnamese aggression along the Thai-Kampuchean border and the intrusion of Vietnamese troops as well as frequent artillery bombardments of Thai territory They urged Vietnam to cease such acts of provocation which increased tension along the border and affected the security of the whole region. They expressed their deep disappointment that Vietnam still shows no intention to seek a peaceful settlement of the Kampuchean problem." And on the basis of these allegations, the ASEAN foreign ministers "fully endorsed Thailand's actions in the exercise of her legitimate right to self-defence. They reiterated ASEAN's firm support and solidarity with the government and people of Thailand in the preservation of Thai independence, sovereignty and territorial integrity."

More serious allegations, however, are in order. The foreign minister branded "Vietnam's latest so-called annual partial withdrawal of its troops from Kampuchea as annual troop rotations which were meant to deceive the international community, the Kampuchean people and Vietnam's own citizens." They also "shared the serious apprehension of the Kampuchean people that there are now at least half a million Vietnamese settlers in Kampuchea. They noted that the continuous demographic change resulting from Vietnamese settlements ... is displacing Kampuchean people from their homeland. The increased dissatisfaction with this Vietnamese colonization has driven masses of Kampuchean people to the Thai-Kampuchean border." They considered the latest Vietnamese proposal as offering "nothing positive towards the comprehensive political settlement of the Kampuchean problem" and as "merely a propaganda ploy to divert the international community from the issue of Vietnam's military occupation of Kampuchea, which is the root cause of the Kampuchean problems."

The statement also condemns Vietnamese attacks against the Kampuchean civilian encampments in no uncertain terms admittedly on the basis of sources of information at the disposal of the so-called Coalition Government of Democratic Kampuchea, whereas its condemnation of Vietnamese intrusions into the Thai border is clearly based perhaps entirely on Thai sources. Whatever the case, however, it seems clear that Vietnamese inflexibility and propaganda on the Kampuchean problem has been responded to in kind and in a corresponding manner. Surely this will get the world nowhere in the way of a "comprehensive political solution." And diplomacy by joint statements is clearly no substitute for direct and real dialogue.

The Pacific Region

Finally, one important issue dealt with by the 17th annual meeting of ASEAN foreign ministers is that of economic cooperation among the countries of the Pacific region. As previously, the ministerial meeting was immediately followed by one between the ASEAN foreign ministers and those of what are now known as ASEAN's "dialogue partners," which are the United States, Canada, Japan, Australia, New Zealand, and a representative of the EEC. Such meetings (known as "post ministerial meetings") have been held separately between ASEAN foreign ministers on the one hand and one dialogue partner after another on the other (the so-called 6 + 1), as well as between all of them simultaneously (6 + 6). What made the 17th annual meeting different from the previous ones on this regard was that finally a meeting was held between the ASEAN ministers and those of the dialogue partners except the EEC, that is to say, between ASEAN ministers and those of five Pacific nations -- the so-called 6 + 5 meeting.

The results of the meeting served to clear the doubts and uncertainties that for a long time had marked the position and attitude of the ASEAN states regarding the idea of economic cooperation among the nations of the Pacific region, particularly with regard to that of a Pacific Basin Community. Now one can positively refer to an ASEAN position on the matter.

It is realized that ASEAN forms part of the Pacific region, which is now emerging as an increasingly important centre of the world in terms of trade and economic growth that have resulted in greater interdependence among the countries of the region. The need is therefore felt for the promotion of closer economic cooperation that will benefit all the countries in the region. There is no urgency, however, for a new organization to realize such an ideal. The establishment of a new organization would face even an initial difficult problem of membership because of the great number of countries in the Pacific region with sharp differences in ideology, social, political, and economic systems, not to speak of the differences in size in terms of territory, population and resources, and stages of economic development.

It is also feared that such a much larger organization would be harmful to ASEAN, which is becoming an increasingly established and viable regional association. Moreover, it may understandably be feared that the involvement of but one superpower in such an undertaking might be perceived by the other as a step toward an alliance directed against it and posing a threat to its security. At all events, such an idea might be exploited as a pretext for unfriendly or even hostile actions.

ASEAN's approach to the idea of economic cooperation in the Pacific region is therefore non-organizational and non-institutional. This accounts for its rejection of the Pacific Basin Community idea. ASEAN favours the idea of continued free exchange of views among the countries of the Pacific region on economic cooperation among them on the basis of common interest and mutual benefit without the establishment of a new association or organization.

In addition, in order to realize such a cooperation, ASEAN has put forward a concrete proposal on what is termed a programme for the development of human resources such as in the form of training and education. This will be undertaken through an exchange of services between the ASEAN countries and the five Pacific dialogue partners, which have approved of ASEAN's non-institutional and non-organizational approach to Pacific economic cooperation as well as its proposal on such a programme. They have also agreed to continue the 6 + 5 dialogue on an annual basis. And for a further discussion on the programme of human resources development Indonesia has offered to host the first meeting to be held on some future date.

J. Soedjati DJIWANDONO

The Western Pacific in the Year 2000: Political and Security Trends and Their Implications

Daoed JOESOEF

INTRODUCTION

Korea and Indonesia are moving closer together, as the increasing development efforts of both countries accentuate the existing complementarities that in due time accelerate mutually beneficial exchange, and as international attention focuses on the Pacific region. Although geographically speaking the two countries are miles apart from each other, their respective *locus* in the Western Pacific security screen belongs to that corner which is economically dynamic but strategically vulnerable.

Compared with the situation prevailing before the 1970s, the trend is towards an increasingly diffuse and fluid security environment in Northeast Asia, as well as a growing inter-linkage between the security of both Northeast and Southeast Asia.¹ It is therefore imperative to share a common perception about the development of security environment that surrounds and conditions this part of the world.

This paper will not so much suggest political ideas and ways by which adverse trends might best be contained as to attempt to accentuate essential issues and trends that could be examined together and, when agreed upon, could provide a sound foundation for the likely future security demands of Korea and Indonesia.

In seeking to identify the most important issues and trends affecting the security outlook of the Pacific, this paper focuses mainly on the Western

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¹Peter Polomka, "The Security of the Western Pacific: The Price of Burden Sharing," *Survival*, vol. XXVI (January/February 1984), p. 7.

Pacific region. Given the limited time of the discussion, only two closely related problems will be presented. The first deals with global strategic development unleashed by big power policies and the second with potential threat to the open sea lanes that are of vital interest to Korea and Indonesia as developing nations.

GLOBAL POLITICO-STRATEGIC DEVELOPMENT

The Pacific region as a whole has long held geo-political as well as geo-strategical importance. The geo-political importance lies in the fact that the region's setting is imposing in terms of size and diversity. While its surface is much wider than the whole emerged land area of the globe, its waters wash the shores of more than 30 states at greatly differing levels of development and national viability, and drawing on a diversity of great cultural traditions. Its inhabitants amount to 2.4 billion human beings, or about 53 per cent of the total world population, engendering gross national products which add up to over US\$8,000 billion. A region as disparate as the Pacific, in politics, economics as well as in culture and too strongly nationalistic in its outlook, will clearly fully extend forces working for regional order and security. Conflict is often likely to have a life independent of the superpowers and beyond their control. These states around the Pacific keep 16 million men under arms and spend close to US\$650 billion a year on their upkeep and equipment.

This great ocean's shores have a strategic peculiarity in that America's shoreline gives directly on to wide open waters, while Asia's coasts only open on to enclosed maritime basins. A string of archipelagoes and islands stretching all the way from Sumatra (Indonesia) to the Aleutians along an arc of some 10,000 kilometres separates the continent's land mass from the open sea. This broken natural barrier encloses a series of narrow seas such as the South and East China Seas, the Yellow Sea, the Sea of Japan and the Sea of Okhotsk as well as a set of narrow straits on both the western and the southern parts of the Pacific.

These narrow sea lanes have witnessed almost 80 years ago the first modern naval engagement between two powers of this part of the world. In fact, no less than 45 warships of the Russian Baltic squadron, after making a 200-days odyssey around Africa, entered the Pacific region from the Indian Ocean through the Malacca Strait. In threading its way toward Vladivostok, it was intercepted by Japan's combined fleet in the Tsushima Strait and was annihilated there on May 27-28, 1905.

Since then history has recorded several accidents of the same nature, though for differing reasons, with different degree of violence and involving

other powers than those mentioned above, and there is no guarantee that it would not be repeated again in the future. For it is clear that for a sea power's naval strategy, this geographical asymmetry of the Pacific shores is an asset, but it constitutes a hindrance to the strategies of land powers having access to the open sea only via narrow straits which could be controlled by the riparian states. If one of the present superpowers or two or three allied major powers succeeds in getting these states to link their destinies with its own, it would be able to hamper the movement of adversary naval forces. On the other hand, insular and peninsular states with no energy and raw material resources of their own and cut off to the west and southwest of the region's geographic center are isolated from their supply sources by the Pacific.

Because of these politico-strategic peculiarities, secret agreements between major powers in the past, at the expense of small countries' interests in this part of the world, were not unusual. Such was the case, for instance, with the American-Japanese secret agreement over Korea at the beginning of this century. In this agreement, concluded on July 29, 1905, the United States approved the establishment by Japanese troops of the suzerainty over Korea. On the pretext of the assassination of Ito Hirobumi, the first Resident-General, in Manchuria by a Korean in 1909, Japan finally proclaimed the complete annexation of Korea on August 29, 1910.²

Even nowadays, to the extent that there is no shared perception of common or compatible security interests, large power collusion or cooperation among once-enemy major powers, proves that major powers are more interested in their own security than in that of their small allies. In this respect the suspicion is already widespread that in times of real need the American Pacific forces would most probably be tied up in the Persian Gulf, or in the European theatre in spite of the fact that five of the seven defense agreements to which the U.S. is a signatory are located in the Asian-Pacific region. In contrast, the USSR appears resigned to the unavoidability of having dedicated forces available for her Pacific front.

Doubtless taken in by the spirit of détente and anxious to define the conditions in which the negotiations on the limitation of strategic armaments should continue, President Gerald Ford met Mr. Brezhnev in 1974 at Vladivostok, thereby bestowing recognition on the USSR as a Pacific power. The Soviet navy promptly took up both chance and challenge. When Cambodia was invaded and Saigon fell, Admiral Gorshov was already sending his ships into all the oceans and his planes over the three continents and their sea space. A Rus-

²Jong-Chun Back, "Probe of Alternative Strategy of Conflict Resolution in the Korean Peninsula," *Asian Perspective*, vol. 8, no. 1 (Spring-Summer 1984), p. 144.

sian naval force cruised off the coasts of the Japanese archipelago when U.S. 7th Fleet ships were evacuating the survivors from Vietnam. The big Soviet air and sea exercise, baptised as Ocean II, ended three days before Saigon fell.

As soon as President Carter moved into the White House he announced the withdrawal of American ground troops from South Korea. It seems that the Nixon doctrine was going to be applied fully, but subsequent events prompted the President to go back on his decision, but the Soviet fleet was gradually strengthened and has now a warm-water port of call. When the U.S. withdrew units from the Pacific and send them to the Indian Ocean because of the Middle East events and the fall of the Shah, the USSR built up its forces in eastern Asia and the western Pacific. Ground troops were deployed in the Kuriles and new ships added to the Pacific Fleet. The Sino-Vietnam dispute provides Soviet forces with a new pretext for increasing its hold and becoming entrenched in Southeast Asia. By early 1980s the long-term Soviet military build-up in the Pacific had reached proportions that now threaten a military balance so long favourable to the U.S. and its friends and allies in Asia and the Pacific.

Of the four fleets build-up and deployed by the USSR, the biggest at present is the Pacific Fleet. It seems that this fleet is testing a new strategy which will be adopted, if deemed successful, by the Atlantic Fleet as well. The new strategy is centered on the increased deployment of aircraft carriers, used by the U.S. to project power into regions far from its coasts for decades, and the use of new surface warships, submarines and aircraft to protect the carriers from attack. This means that the Soviet fleet, like the American one, would operate further from the home waters than in the past and the USSR would thus be able to demonstrate its political and strategic interests in more areas than at present. There is now intense activity between naval bases in Russia and those in Vietnam. It is said that every day no less than 24 ships pass between Vladivostok and Cam Ranh, while 15 others are sheltering in Cam Ranh Bay. The same intensity of traffic is observed between Singapore and the Indian Ocean.³

Disturbing as these developments clearly are, the prospect is for the continued enhancement of the Soviet position in East Asia and the Pacific region during the 1980s and 1990s. For the Soviets had begun to probe the southern part of the Pacific politically and militarily and the western part of it economically. The possibility that the USSR will acquire military bases in the former area seems very remote at present. However, Soviet submarines already do operate in the area in increasing numbers. Related to that develop-

³For a more detailed analysis, see Gen. Pierre Gallois, "The Strategic Evolution and the Challenge of the Pacific," paper presented at the International Conference on the Challenge of the Pacific, April 6-8, 1984, International Institute of Geopolitics, Paris.

ment, Soviet oceanographic research vessels, some of them disguised as fishing trawlers, conduct extensive research relating to seabed mapping, ocean currents, water temperatures, and other data important for submarine operations.⁴

Economic vulnerabilities in the western Pacific are likely to work to the USSR's advantage rather than against it, and especially if regional economic arrangements and policies become over-burdened with strategic-diplomatic goals. In the final analysis, however, all depends on the answer to the question of whether it is possible, or desirable, to prevent the growth of commerce between the Pacific and the Soviet Union. While Japan and China -- notwithstanding their fundamental conflicts with the USSR -- are likely to lead the way in Pacific-Soviet commerce, newly industrializing countries of the region, such as South Korea, has certainly the technological capacity to exploit possible opportunities in the development of the Soviet Far East. While the economies of most non-communist western Pacific states are closely linked with the prosperity of Japan and the West, the experience of the former colonies of ASEAN and the South Pacific encourages them to diversify their economic links as broadly as possible.⁵

Other political event which will have far reaching implications for both Korea and Indonesia in the years to come is the establishment of a joint Commission for the XXI century between Japan and China during the visit of PM Nakasone in Peking on March 23-26 this year. Are we or are we not at the threshold of an era when these two neighbouring giants, China and Japan, will have emerged as what Harvard Professors Roy Hofheinz and Ken Calder called the "dominant power of the world economy?" One cannot avoid considering this terminology as a rather venturesome forecast, but the fact remains that at the moment where the U.S. and Europe are still floundering, these two East-Asian countries advance their potential step forward to the future that will certainly extend its effects far beyond East-Asia and Western Pacific.⁶

The extent to which economic and military power might be translated into political gains constitutes the reasons why many states, certainly the Southeast Asian ones, will remain uneasy about the prospects of the U.S. providing advanced technology and military equipment to China, and of an increasingly rearmed Japan. Moreover, since both China and the USSR are communist countries, they are often seen by these non-communist countries, if not as the

⁴John C. Dorrance, "Coping with the Soviet Threat," *Pacific Defence Reporter*, July 1983, pp. 21-29.

⁵Polomka, "Security of the Western Pacific," p. 6.

⁶For a more detailed report, see *L'Express*, March 30 - April 5, 1984, pp. 22-28.

real danger, then at least in highly ambiguous terms. In these circumstances, it would be surprising if there were not a tendency to see the U.S. as part of the region's problem rather than simply as a key to their solution because of the fact that most major U.S. policy shifts in East and Southeast Asia since the late 1960s, beginning with the opening of China, have been imposed on the region without consultation and with little or no warning. In fact, unilateral action is deeply rooted in the U.S. foreign policy decision-making process. Consultations are thought of as "prior notification," or the question of sharing the responsibilities, rather than a process of deciding what responsibilities are to be shared and how.⁷

THREAT TO THE OPEN SEA LANES

The sea constitutes without rival a medium allowing for the efficacious movement of large quantities of cargo. For a peninsular country like Korea and an archipelago like Indonesia, there are special and strategic reasons for being concerned about maritime communication in the coming international maritime environment in both the Pacific and Indian Oceans, as well as the opportunities and threats it poses for its respective national economy and security. *First*, both countries depend heavily on the use of the sea lanes for trade and development. *Second*, the dependency on maritime transportation for moving military supplies to support survival efforts in time of war, in the Korean case, and for unification as well as integration in physical sense of the whole mosaic of islands either in peace or in war, as far as Indonesia is concerned. *Third*, both countries, being peninsula (Korea) and archipelago (Indonesia), are vulnerable to attack by sea. *Fourth*, Korea guards one side of the strategically important Straits of Tsushima which constitutes the main entrance to the Sea of Japan, while Indonesia guards one side of the strategically important Straits of Malacca that is the sole entrance for the shortest way to the northern part of the Indian Ocean where are situated the Bay of Bengal, the Arabian Sea, the oil rich Persian Gulf, the route to the Red Sea and up to the Mediterranean through the Suez.

In time of peace, most ship movements from the Pacific to the Indian Ocean, or the other way round, thread their way through the many straits of the Indonesian archipelago or the Straits of Mallaca. It is reported that of the total six liner trade routes that the Korean fleet serves at present, no less than three of it -- the Southeast Asia, the Europe and the Middle East routes -- has to pass at least one of those narrow straits. In terms of volume, for the year 1980 for instance, the movements of cargoes that are made possible by these

⁷Polomka, "Security of the Western Pacific," pp. 7-11.

three routes amount to 69.4 per cent of the total incoming cargo volume and 55.9 per cent of the total outgoing cargo volume.⁸

The Soviet's naval power build-up has already reached that stage that the USSR has now an ability to interdict shipping through the South China Sea from bases in Vietnam and to close the Indonesian archipelago straits and the Straits of Malacca with mines. Operating from Vietnam, they could even reach targets in Australia and some areas of the South Pacific. Moreover, about one-third of the Soviet SS-20 intermediate-range ballistic missile force has been deployed to the Soviet Far East. This equates to about 250 nuclear warheads on East Asia and the Pacific. Should these contingencies eventuate in a regional or global conflict, Pacific lines of communication would shift to the South Pacific, the Tasman Sea, the Bass Strait, and thence westward across the Great Australian Bight to the Indian Ocean.⁹

Soviet navy, including fishing fleets and research vessels cruised at present waters that previously had been an exclusive preserve of the West and thereby threatens the necessity that sea lanes must at all times be kept open and safe for navigation, especially in time of war.

CONCLUSION

The USSR has grown from a land power to a sea power as well. The growth of Soviet offensive warfighting capabilities relative to that of the U.S. and the strategic advantage the Soviet Union enjoys by being territorially part of the region, the importance of Korea and Taiwan as impediments to the development of U.S.-China relations, China's aspirations as a major force in regional and world affairs, the global economic standing of Japan, and the collusion of Japan and China, are some of the new "facts of power" affecting the Pacific security screen in the years to come.¹⁰

Major defence-related American decisions having an effect on the region have been imposed on its allies and allied countries in the region without consultation and with little or no warning. It seems that major powers are more interested in their own security in the global context than in that of their small allies in the regional context. This has not made small or less developed democratic countries in the Pacific feel all that much more secure.

⁸Dalchoong Kim, "Korean Ocean Transportation and Sea Lanes of Communication," *Asian Perspective*, vol. 8, no. 1 (Spring-Summer 1984), pp. 13-30.

⁹Dorrance, "Soviet Threat."

¹⁰Cf. Polomka, "Security of Western Pacific," p. 6; Gallois, "Challenge of the Pacific."

Given the political and security trends as unleashed by both potential friends and hypothetical enemies as described above, the implications for Korea as well as Indonesia are clear: threat of ideological aggression and war is not only around the corner but is sneaking outside both countries' relatively unguarded fences, posing a warning of what can happen to both countries if they forfeit their bitterly won national freedom. Aggressions and war are no respectors of the non-alligned, the neutral, or of the weak. They can occur in the most unexpected time or places. A global conflict would spare few if any. It seems that "the value of freedom and democracy is being given its ultimate supreme test: whether these systems have the resourcefulness and strength to prevent not only dictatorship but also nuclear devastation of the world."¹¹

Consequently Korea and Indonesia have to strengthen their defense capabilities within the framework of a strategy of freedom. For the only adequate insurance against war, and for national security and survival, is a level of defense preparedness sufficient to assure that potential adversaries will calculate the cost of aggression as too high to contemplate seriously.

The overall strategy is called "strategy of freedom" because it deals mainly, at least at the present stage, with threat that is political in nature and which is closely linked to conflicts of ideology. This kind of threat is the realization of the conjunction of a will, a power and an ideology, carried out through diplomacy that is founded on modern weaponry. The ideological conflicts itself is more, much more, than a mere battle of ideas. The essence of ideological conflict is that every means, short of conventional war, is employed in order to change the nature of society and -- this is the crucial point -- to change it without the consent of a majority of the people.

As for the defense build-up proper, what ought to be established is an independent and self-sufficient defense system. This kind of efforts is not so easy because it has to deal with certain fixed environmental parameters within which both countries have to operate, namely: first, resource constraints; second, demographic constraints; third, situation in which the country has to fight with very little warning; and finally, the people or their representatives will become increasingly involved in managing national security policy (parliamentary involvement).¹²

¹¹Editorial of the *Sino-American Relations*, vol. X, no. 1 (Spring 1984), p. 1.

¹²Cf. Lawrence J. Korb, "Defence Policy Making: Constraints and Opportunities," *Naval War College Review*, vol. XXXVII, no. 1 (January-February 1984), pp. 18-23.

The Western Pacific in the Year 2000: Economic Trends and Their Implications

Hadi SOESASTRO

INTRODUCTION

Two questions immediately come to mind when one is to speculate about the Western Pacific economic scene in the next two decades to the year 2000. The first question is concerned with the continuation of the remarkable economic performance of the countries in the region, especially the developing ones, as achieved during the past decade. This question leads to an examination of the sources and mechanism of growth which prevailed and were commonly shared in the past by those countries and whether those growth factors are likely to change in the future.

The second question regards the level (stage) of development which those countries will have reached by the year 2000: will the ASEAN countries reach the NIC or near-NIC level and will the East-Asian NICs become or come close to becoming advanced economies. This question should lead to an examination of the regional implications, in terms of competition and complementarity between the Western Pacific countries in production and trade, of such a "graduation."

This paper is exploratory in nature and is meant to highlight some of the major issues which often have been raised when dealing with those questions above.¹

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¹This paper draws heavily on the studies by Miyoshi Shinohara, "Trends of the Asia-Pacific Economies, 1960-2000," and Ippei Yamazawa, "Trade in Manufactured Goods and Industrial Adjustment," both in *The Economies of the Asia-Pacific Region -- Present and Future* (Tokyo: The Asian Club, 1983).

SOURCES AND MECHANISM OF GROWTH

Of the many explanations which have been given in answering to the question of why the Western Pacific economies have performed so well, one factor that stands out and is generally shared by many analysts is the role of Japan as a growth stimulant. As suggested elsewhere, "the impact of Japanese growth on the Pacific economy has been particularly pronounced. This has been felt through the huge growth of Japanese demand for minerals and foodstuffs and, more recently, labour intensive manufactures as well as through the flows of capital and technology that these demands generated throughout the region."²

Shinohara's explanation as to why Japan's rapid economic growth functioned as a "growth pole" for the Western Pacific economies was as follows. On the one hand there was a "demand-side" multiplier effect in that rapid economic growth in Japan stimulated exports from those economies, with the effect of disbursing funds throughout the region. On the other hand, increased domestic investment, as a result of increased exports, in those economies where the capital goods industry was not yet mature, led to a rapid growth of capital goods imports. Japan had played an important part as a "supply base for capital goods" in the region.³

Japan's crucial role in this cycle of export-investment-export -- or the "virtuous circle-expansion process" as Shinohara called it -- has been challenged. A different viewpoint was given by Wontack Hong, who proposed that it was the rapid growth in the ASEAN countries and East-Asian NICs that provided the moving force which made Japan's rapid growth possible in the 1960s and 1970s. That is, the export-oriented strategy of the NICs generated active expansion of demand for Japan's intermediate and investment goods. However, it was rather the other advanced countries such as the U.S. and EEC -- and not Japan -- that made NICs export-oriented growth successful.⁴

The controversy over the central role of Japan in the region's growth process cannot easily be settled, especially in view of the growing interdependence amongst the region's economies. It suffice to say that the role of Japan has been one of several factors which was significant to the rapid economic expan-

²See Peter A. Drysdale and Hugh Patriek, "Evaluation of A Proposed Asian-Pacific Regional Economic Organization," in *An Asian-Pacific Regional Economic Organization: An Exploratory Concept Paper*, prepared for the Committee on Foreign Relations, United States Senate, 96th Congress, 1st Session (Washington, D.C.: U.S.G.P.O., 1979), pp. 4-5.

³Shinohara, "Asia-Pacific Economies," p. 31.

⁴See comments by Wontack Hong, *Proceedings, The Tenth Asian Roundtable* (Tokyo: The Asian Club, December 7-8, 1983), p. 35.

sion in the region. As suggested by Krause, rapid Japanese growth “demonstrated that the catch-up process could work and several countries began to follow the Japanese model which created high growth expectations throughout the region.”⁵

Krause further suggested that with one exception the several factors which have been important for the region’s growth in the past were not likely to change. The exception was the role of Japan as a growth stimulant, because Japan was at the end of its economic miracle; Krause was of the opinion, however, that the U.S. was likely to have faster growth than in the recent past and would compensate for the more slowly growing Japan. Krause also entertained the possibility of an enhanced role for the People’s Republic of China.⁶

The impact of China’s modernization on the region cannot easily be predicted. It is the most unstable variable in any attempt at construction of scenarios. As John Wong suggested, “by sheer size of population, China has a certain amount of economic potentialities and its pattern of development in whatever form will inevitably have some impact on all the countries in the region.”⁷ Indeed, one can imagine both positive and negative effects on the economies in the Western Pacific, in the short term as well as over the longer run. The position of Hong Kong in 1997 and beyond will also influence China’s impact on the region.

If one accepts the contention that Japan had played the role of *the* “growth pole,” the discussion above suggest that the future may see the regional economy develops a multipolar structure of some kind, rather than the monopolar one centering on Japan.

Shinohara observed the relative decline in Japan’s role, and found this development desirable as well. For, the rapid economic growth of the Western Pacific economies resulted in huge capital goods imports from Japan which led to the development of a unilateral (one-way) dependence on Japan and increased deficits in their trade balances with Japan.⁸

The decline in Japan’s role may not necessarily relate to Krause’s arguments. Shinohara suggested that restructuring of the other Western Pacific economies will result in a reduction of the respective countries’ overdependence on Japan. At the same time, the adjustment processes (restructuring) could

⁵Lawrence B. Krause, “World Economic Development and Implications for the Pacific,” in *Issues for Pacific Economic Cooperation* (Jakarta: CSIS, 1984), p. 16.

⁶*Ibid.*

⁷Comment by John Wong, *Proceedings*, p. 32.

⁸Shinohara, “Asia-Pacific Economics,” p. 31.

lead to the development of a regional economy which is multipolar in its structure. This can be achieved when both the groups of ASEAN countries and East Asian NICs could continuously move up the ladder of development to result in what Shinohara called an all-region "NIC-dom," composed entirely of newly industrializing countries.⁹

COMPETITION AND COMPLEMENTARITY

If the ASEAN countries and the East Asian NICs are able to sustain a per capita GNP at a rate of about 4 per cent per annum, then (broadly speaking) by the year 2000 an all-region "NIC-dom" will emerge in the Western Pacific. This possibility is not very unlikely.

If that "NIC-dom" comes into being, it is most likely that a new kind of regional interdependence will emerge. Whether regional interdependence will increase or will decrease cannot be firmly established without an examination of the most probable development in intra-industrial specialization among the economies in the region, the competition and complementarity that it entails in both production and trade.

The 1970s saw a faster catching-up of the East Asian NICs and the ASEAN countries (with Japan). A prominent example can be found in the production and export of textiles and clothing. The kinds of competition and complementarity which have developed during the 1970s have been thoroughly examined by Yamazawa.

While the developments over next two decades may not simply be an extrapolation of the past, it may be constructive to review Yamazawa's findings. His main conclusion was that both competition and complementarity has been strengthened in industrial production and trade among Western Pacific countries. In rather detail, Yamazawa's conclusion can be summarized as follows:¹⁰

1. There has been an extra-regional concentration of manufactured goods exports. North America and Western Europe have been the two largest markets for manufactured exports from the East Asian NICs and the ASEAN countries. Japan's absorption of such products was a third of that of the U.S. and two-thirds of that of Western Europe. Intra-NICs and NICs-ASEAN trade expanded rapidly, but their shares still remained low, respectively, of total East Asian NICs manufactured exports. Intra-ASEAN trade in manufactured goods was heavily concentrated in Singapore, and total intra-ASEAN trade expanded only slowly.

⁹*Ibid.*

¹⁰Yamazawa, "Trade in Manufactured Goods," pp. 62-68.

Table 1

MANUFACTURING OUTPUT OF INDIVIDUAL COUNTRIES INDUCED
BY AN ADDITIONAL UNIT OF A GIVEN COUNTRY'S MANUFACTURING OUTPUT

From \ To		Indonesia	Malaysia	Philippines	Singapore	Thailand	Korea	Japan	U.S.
Indonesia		1.1553	.0010	.0002	.0272	.0002	.0012	.0011	.0002
Malaysia		.0006	1.2191	.0004	.0261	.0008	.0054	.0008	.0007
Philippines		.0003	.0003	1.2575	.0009	.0004	.0011	.0020	.0005
Singapore		.0090	.0160	.0004	1.2102	.0019	.0005	.0010	.0004
Thailand		.0006	.0060	.0003	.0047	1.2772	.0013	.0016	.0002
Korea		.0017	.0015	.0008	.0039	.0023	1.4591	.0025	.0012
Japan		.0972	.0650	.0711	.1228	.0829	.1434	1.7820	.0166
U.S.		.0171	.0251	.0366	.0679	.0112	.0692	.0220	1.6262
Total induced output abroad		.1319	.1149	.1098	.2535	.0997	.2221	.0310	.0198
Total induced output both at home and abroad		1.2872	1.3340	1.3673	1.4637	1.3769	1.6812	1.8130	1.6460

Note : Inverse matrix $(I-A)^{-1}$ of the 1975 ASEAN International Input-Output Table.

Source: Ippei Yamazawa, based on computation by Shunichi Furukawa, Statistics Department, Institute of Developing Economies.

2. The catching-up of East Asian NICs and the ASEAN countries with Japan initially occurred in the export markets of the U.S. and Western Europe and not in the Japanese market. This competition was most visible in the textiles and clothing sectors. Competition in the Japanese market had started towards the end of the 1970s. Japanese imports of manufactures from those countries were still small in absolute amounts, except textiles and clothing, but their rates of growth tended to increase.
3. Apart from the above competition there existed a strong complementary supply of intermediate or investment goods from Japan to the East Asian NICs and the ASEAN countries. However, as shown in Table 1, the complementarity was one-sided. Similar competition and complementarity emerged more recently between the East Asian NICs and the ASEAN countries with the catching-up of the latter with the former in light manufacturing.

Three issues of relevance emerged from the above examination. The first regards the prospects of rectifying the one-sided complementarity, which have emerged in the so-called process of "rolling adjustment." As stated by Yamazawa, Japanese firms tend to procure parts and intermediate inputs within Japan itself.¹¹

The second issue relates to technological advances in Japan which result in a revitalization of the competitiveness of import-competing production in Japan in a number of sunset industries, such as textiles.¹²

The third issue relates to the problem of "sanctions" -- implicit or explicit -- in the policies of the advanced countries towards those that have "graduated" successfully. This issue has wide-ranging implications, especially for the ASEAN countries, not only in the area of goods trade but also in flow of financial resources.¹³

In spite of the difference in the stage of development (industrialization) of Indonesia and Korea, the above issues seem to be of equal relevance to both countries. Indonesia and Korea should work together, as well as with other Western Pacific countries -- including Japan -- to maintain the momentum of regional development to diversify the sources of regional growth, and to improve the quality of regional interdependence.

¹¹*Ibid.*

¹²See, for example, Ryokichi Hirono, "Japan's Industrial Restructuring and Policies on the North-South Relations," in *Japan and Indonesia in a Changing Environment* (Jakarta: CSIS, 1981).

¹³See Hadi Soesastro, "ASEAN and North-South Trade Issues," *Indonesian Quarterly*, vol. XI, no. 3 (July 1983); also, Hadi Soesastro, "ASEAN Economies in the 1980s: Challenges of Graduation," *BIISS Journal*, vol. 4, no. 1 (January 1983).

Regional Issues: Australia, Indonesia, PNG and the South Pacific

Jusuf WANANDI

INTRODUCTION

In order to discuss the relationship between Indonesia, Australia, Papua New Guinea and the South Pacific, it seems advisable to discuss first the relations between Indonesia and the PNG and between Indonesia and Australia before proceeding with the discussion on how the relationship between the three countries affects the South Pacific region.

Aside from that, it is also necessary to discuss on the strategic importance of the Southwest and South Pacific regions and the problems which these regions will be confronted with in the future.

Finally, on the basis of the above analyses some conclusions can be drawn as to how to structure the relationship between the three neighbouring countries, namely Indonesia, PNG and Australia, and the countries in the South Pacific, so as to maintain and promote peace, stability and development in the region.

It needs to be admitted at the outset that the South Pacific region is not given high priority by countries such as Indonesia. For a number of reasons, Indonesia assigns greater importance to its northern neighbouring regions. If there were to be an external threat to Indonesia this would most likely come from the North. In addition, Indonesia's most strategic area is its western territory, which constitutes the center of politics and economy.

However, seen from the medium and longer term perspectives, it cannot be denied that the South Pacific region will not always remain peaceful and stable

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because of its strategic significance as will be elaborated in Section III of this paper, and as such should not be ignored by Indonesia. In other words, Indonesia will have to safeguard itself from possible threats coming from the East and South, in addition to those coming from the North and West.

For the sake of clarity, this paper uses the term Southwest Pacific to denote Australia, PNG and New Zealand, while the term South Pacific refers to the countries which are members of the South Pacific Forum.

INDONESIA'S RELATIONSHIP WITH PNG AND AUSTRALIA

In the past, relations between Indonesia and PNG were greatly influenced by the relationship between Indonesia and Australia, because PNG was a trust territory of Australia.

Hence it is best to first examine the relationship between Indonesia and Australia and its impact upon Indonesia-PNG relations in the past as well as in the future.

Indonesia's relationship with Australia has its ups and downs because both countries and their societies differ from one another in many diverse fields.

Indonesia is a developing country, with a large population on its islands, and shares a common border with Australia. Its economy is rather backward, its history and culture dated back 2000 years ago, it obtains independence only 40 years ago. In terms of its foreign policy it is a non-aligned country, whereas internally it has strived for a form of administration and political system with its own identity, in which the ABRI (Armed Forces) plays an important role and a dominant party, namely Golkar, will determine political development in the country.

On the other hand, Australia is an advanced country with 15 million people living in a large continent, that came from Europe (although their social structure is changing) at about 200 years ago, so that its culture is oriented towards the West, and adopts a Westminster style government. Its foreign policy has been dependent on the U.S. as the U.S. defense umbrella provided for its security, but today its foreign policy is undergoing changes, particularly since the Labour government under Bob Hawke and Bill Hayden recognizes Australia's increasing economic interdependence with the Asia-Pacific region. Accordingly it seeks for a more flexible foreign policy adjusted to the realities of Australia's geopolitics and economy.

The Australian people in general lack understanding of Indonesia and tend to assume that a neighbouring country with such a large population and a

backward economy can pose a threat to Australia. The campaign over Irian Jaya in the years 1958-1962 and Soekarno's excessive foreign policy have strengthened the feeling of anxiety and prejudice towards Indonesia. Likewise, to the Indonesian people Australia is a Western country, which in the past had supported Indonesia during the revolution but has become tilted towards Europe or the U.S., instead of becoming part of Asia, and has maintained its racial prejudice with regard to its immigration policy and tends to adopt an attitude of self-righteousness and omniscience in teaching Indonesia how to conduct its internal affairs.

Since President Soeharto came into power, an active lobby against the Indonesian government has been promoted, particularly by some intellectuals, mass media and the left wing of the Labour Union, causing strained relations between the two countries to develop.

Those negative sentiments on the part of Australia towards Indonesia have increased since the incorporation of East Timor into the Republic of Indonesia in 1977. Indonesian leaders, particularly from the ABRI (Armed Forces), perceive those Australian attitudes as unfriendly and feel that Australia has become increasingly irrelevant to Indonesia, especially in defence and security matters, which in fact is an important field for both parties concerned.

Those reactions are natural and should not create extreme irritations on both sides if differences in cultural values, political and social systems and the stages of economic development are acknowledged by the respective leaders and societies.

These differences tend to cause misunderstandings and frictions or tensions to arise. Therefore, an attempt should be made to overcome those differences, not only in terms of some form of crisis management but more systematically to educate the public in both countries about each other, either through the exchanges involving the mass media, intellectuals, politicians, or through public opinion makers, aside from government officials.

Cooperations in a variety of fields should also be promoted, particularly in the economic field, as a foundation for more intensive relations between the two countries.

Unlike the relationship between Australia and Indonesia briefly illustrated above, relations between Indonesia and PNG are more complicated. This relates to the difference in the size of population and territory, differences in history, border problems, differences in priorities of development, feelings of solidarity on both parts of Irian based on the Melanesian culture, as well as geo-political factors which have led Indonesia to focus on the western and

northern parts of its territory, while PNG gives greater attention to its eastern and southern parts.

Those differences have brought about a variety of problems and tensions between Indonesia and PNG, which tend to be reinforced by PNG's prejudices about Indonesia's ambitions towards PNG. This certainly suggests PNG's lack of understanding of Indonesia's history.

There have been deficiencies on Indonesia's part as well in that it has not given sufficient attention to its relationship with PNG, largely because its priorities lie mainly on the western and northern parts of its territory because of strategic, political or economic considerations. Thus, Indonesia has not given sufficient attention to the existence of prejudices and misunderstandings on the part of PNG. What is often seen by the Indonesians as a minor problem is to the contrary considered by PNG as a source of tension between the two countries.

Those tensions essentially result from differences in history, cultural and geopolitical experiences, and therefore, Australia can play a constructive role in influencing the relationship between Indonesia and PNG. But Australia can also frustrate that relationship.

The roots of the problem may have dated back to the Dutch and Australian government's proposal in the 1950s for the creation of an independent Melanesian Irian state. It seems that the above idea remains alive in some quarters in PNG and even in Australia and has continuously been exploited by the small, but vocal, group of anti-Indonesian elements. The prejudice in Australia itself regarding Indonesia's future intentions and territorial ambitions, tends to reinforce PNG's prejudice and misunderstanding. This can be observed in the University of Papua New Guinea where there are Australian lecturers who are anti the Soeharto regime; in the mass media which are very much influenced by the Australian media that is known to be rather paranoid about Indonesia; and within the opposition parties, particularly the National Party under Okuk, which always dramatizes PNG-Indonesia relations for popularity reasons, especially during the general elections.

In order to overcome the sensitivities and prejudices on the part of PNG, as a first step greater and continuous attention should be given by the Indonesian government to its relationship with PNG, to settle the border problems, which tends to strengthen the prejudices on PNG's side, by way of enhancing the functions of the Joint Border Committee (JBC) and National Border Committee as an effective "crisis management" team. On the latter task, Indonesia's experience with Malaysia has been successful in promoting not only mutual trust but also cooperation in various fields, such as joint patrol, joint opera-

tions against communist guerrillas, building a railroad across the border between Serawak and West Kalimantan, and even joint ventures in wood processing in the border areas, as well as in regulating the movement of Indonesian labourers into Malaysia.

What seems to be required as a follow up is the exchange of leaders, mass media people and intellectuals in order to promote mutual understanding about the problems, aspirations, and history of the respective nations. In addition, communication between the two countries should also be enhanced, particularly between Irian Jaya and PNG. Technical cooperation is another very important area for promoting greater mutual understanding. Indonesia has promoted such cooperation with about 30 developing countries under TCDC (technical cooperation among developing countries). This kind of cooperation should be very conducive to strengthening relations between Indonesia and PNG, especially in the field of education and training.

Finally, a number of issues with regard to the respective countries' foreign relations should be examined. They include, among other things, the appointment of good diplomats in both respective capital cities; regular consultation outside JBC on various policies towards the region; the possibility of PNG becoming a member of ASEAN.

While PNG is a member of the South Pacific Forum, it also is a special observer in ASEAN and thus, PNG can perform its role as a bridge between ASEAN and the South Pacific Forum. Through greater cooperation in a regional framework, more sound relations can be promoted between Indonesia and PNG. PNG's membership in ASEAN will have to be discussed by ASEAN. As yet such proposal has not been considered seriously by ASEAN as well as PNG.

If this proposal is not feasible as yet, ways should be found to enhance PNG's observer status in ASEAN and the possibility should be examined of having an ASEAN representative, preferably Indonesia, as an observer in the South Pacific Forum.

Aside from the difficulties in the relationship between PNG and Indonesia, the two countries share some common interest which could facilitate their relationship. Both Indonesia and PNG are developing countries striving for economic development. They share similar problems relating to their export dependence on primary commodities and minerals, the movements in terms of trade, foreign investments, technological cooperation and industrialization.

If the border problems between Irian Jaya and PNG can be managed properly, economic relationship between the two countries can be strengthened,

and cultural cooperation can be promoted, provided that this will not be politicized.

As to the triangular relationship between Indonesia, PNG and Australia, in the first place efforts should be made to enable the respective countries to arrange their bilateral relationship in a stable fashion. Seen from Indonesia's viewpoint, the relationship between Australia and PNG has a special significance because of its intensity. A stable relationship between these two countries is beneficial for Indonesia and the Southwest Pacific region.

A second important aspect of this triangular relationship is the need for regular consultations and dialogues among the three countries on the development of the Southwest Pacific region in particular, so that the three countries could harmonize -- to some degree -- their policies, for example, in structuring relations with the PRC or the Soviet Union. Consultations could also be undertaken to support regional development efforts, such as strengthening of Pacific economic cooperation in the future which would best serve the interest of the three countries.

The third aspect, is the favourable position of the three countries to link ASEAN with the South Pacific Forum. These two regional groupings cover a geographic area which will become much more integrated with the developments in communication and transportation. These two regions also are increasingly linked due to convergence of geopolitical and strategic interests of the countries concerned.

In pursuing the above tasks the three countries need to take into account the sensitivities of other countries in the region which might not wish to be represented by these three countries but would like to have a role of themselves. However, the above tasks are ideals which cannot be realized immediately in view of the prevailing state of relations -- bilaterally -- among the countries concerned, especially due to the existence of prejudices and misunderstandings when relations with Indonesia are concerned. Likewise, it can be expected that Indonesia's attention to the Southwest Pacific will increase only gradually.

THE STRATEGIC IMPORTANCE OF THE SOUTHWEST AND THE SOUTH PACIFIC IN THE FUTURE

As mentioned earlier, Indonesia's main preoccupation is with the Southeast and East Asian regions due to the strategic, political and economic significance of those regions.

Viewed from a longer term perspective, the Southwest and the South Pacific regions are likely to become more important strategically and therefore, should also be given proper attention to by Indonesia. To date Indonesia does not perceive any threat to come from the South and the East, since the region's security is sufficiently guaranteed by ANZUS which itself does not pose a threat to Indonesia. The newly independent South Pacific countries do not seem to have defined their policy towards Indonesia, except perhaps in regard to the East Timor issue at the U.N. All the countries in the South Pacific focus their attention on one main issue, namely in opposing the French Nuclear tests in the Eastern Pacific. Another regional problem is the New Caledonia issue which needs to be settled immediately by the French in order to prevent instabilities from arising in the region. In strategic terms, however, the South Pacific region remain basically secure in view of the presence of the U.S. Seventh Fleet.

The tranquility that prevails up to now may be disturbed in the medium term by two factors:

- a. The increased capabilities of the Soviet Pacific fleet, which has become the largest amongst their three fleets, may gradually penetrate into the South Pacific;
- b. The prolonged recession of the world economy could severely affect the already weak economies in the South Pacific. Attention needs to be given to these countries to prevent them from turning to the USSR or PRC for economic assistance with all the implications.

Aside from these issues there only are minor irritants, such as the pseudo-radical policies of Vanuatu's PM, Walter Lini, or the ethnic issues in interstate relations. These problems are not likely to change the strategic conditions in the South Pacific region and need not be exaggerated.

If the above assessment is correct, the core of the problem is not to look for a new strategic balance, but to sustain the present favourable strategic balance. In military terms only the U.S. is able to secure the balance in the region. Australia, through ANZUS, could have some limited influence on the maintenance of the U.S. commitments to this region. It is the region as a whole which should continue to demonstrate its strategic importance to the U.S. However, of greater importance, would be the combined efforts of Indonesia, PNG, and Australia to maintain the current status quo.

The Soviet Presence in the Asia-Pacific Region: An Indonesian Perspective

J. Soedjati DJIWANDONO

Statistics now abound in a great number of literature that describe the Soviet military build-up in the Asia-Pacific region for a decade or so. These are often accompanied by cries of "the Soviet threat" to the security of the nations in the region and a call for concerted efforts to deal with it, on the ground that "the United States by itself cannot halt Soviet global expansion or its regional manifestations in Asia or elsewhere," when "the growing threat to our interests and those of our Asian friends and allies [is] posed by the Soviet Union, Vietnam, and North Korea."¹

Certainly, the Soviet presence in the Asia-Pacific region is not limited to the military field. But in contrast to the economic roles of the non-communist states in the region, the economic dimension of the Soviet presence is at present of minor significance, except perhaps for Vietnam and North Korea,² while a greater political role and influence, as well as economic, are likely to be among the objectives to be attained through the Soviet military build-up. And it is mainly out of concern with that military build-up that perception of the threat of Soviet aggression and expansionism in the Asia-Pacific region has grown, and hence the call for coordinated defence arrangements between the United States and its friends and allies.

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¹Richard L. Armitage, "United States Defense Policy for East Asia and the Pacific," *Asia Pacific Defense Forum*, Special Supplement (Summer 1983), p. 30.

²See Ed. A. Hewett and Herbert S. Levine, "The Soviet Union's Economic Relations in Asia," in *Soviet Policy in East Asia*, ed. Donald S. Zagoria (New Haven and London: Yale University Press, 1982), pp. 201-254.

This paper will therefore address particularly the question of the Soviet threat as it is perceived in Indonesia, especially in relation to Southeast Asia, with which Indonesia is understandably more immediately concerned. Then it will assess the idea of international management of threats to security and Indonesia's response. And finally, it will deal with the problem of reducing East-West tensions in the Pacific Region.

INDONESIA'S PERCEPTION

Concern about the "Soviet threat" among the member states of ASEAN has been aroused and heightened not so much by the rapidly increasing Soviet military capability in the Asia-Pacific region, frightening though it may be for the initiated and uninitiated alike, as in particular by the stepping up of the Soviet presence in Vietnam in both military and economic terms, and thus most probably the Soviet political role and influence, as a result of the Kampuchean conflict. Indeed, the Kampuchean conflict has been, in some respects, a turning point for ASEAN.

More than anything else, the Kampuchean conflict has promoted, at least on the surface, unity and solidarity among the ASEAN member countries, stronger than ever before, particularly in the diplomatic scene.³ This can clearly be seen in the success of the ASEAN member states in constantly maintaining a common diplomatic stance with respect to their continued support of the so-called Coalition Government of Democratic Kampuchea and the principles for a political solution of the Kampuchean conflict. It seems to have prompted U.S. Secretary of States, George Shultz, to assert that "The ASEAN states have put behind them many of their differences. They are working effectively together to resist Vietnamese aggression and to mobilize international support for a peaceful outcome in Kampuchea."⁴

It is, however, a mixed blessing at best. For behind the facade of unity and solidarity, there is, in the words of one scholar, "the growing disarray in ASEAN regarding the situation in Indochina. Until very recently, all ASEAN members had been doing a good job of maintaining public unity; however, today the differences among them are real, well known, and likely to grow. The issue is what stance to take toward Vietnam's military occupation of Cam-

³See J. Soedjati Djiwandono, "The Political and Security Aspects of ASEAN: Its Principal Achievements," *Indonesian Quarterly*, vol. XI, no. 3 (July 1983), p. 23.

⁴George Shultz, "The United States and East Asia: A Partnership for the Future," in *Pacific Economic Cooperation: The Next Phase*, ed. Hadi Soesastro and Han Sung-joo (Jakarta: Centre for Strategic and International Studies, 1983), p. 294.

bodia, in particular, and its de facto control over all of what used to be French Indochina, more generally."⁵

These differences relate to the differences in the basic perception of threats among the ASEAN states, not only as regards the main source of threat, but also the potential forms of threat to their security.⁶ As far as Indonesia is concerned, however, the Kampuchean conflict has not changed its basic perception of threat, which is primarily internal in character. This has been discussed before in this very same forum.⁷ What I propose to do here is just to add a little elaboration, which would shed more light on the way Indonesia perceives what is now seen generally as the "Soviet threat," particularly in relation to the Kampuchean conflict. For if anything, the Kampuchean conflict has in a sense strengthened Indonesia's perception.

At the public and formal level, Indonesia's perception of a basically internal source of threat to its security, which is therefore to be dealt with above all as an internal problem through the promotion of national resilience, is shared by all the ASEAN member states. This can be seen in the declaration of their common resolve at the Bali Summit in February 1976 "to eliminate threats posed by subversion to its stability, thus strengthening national and ASEAN resilience."⁸

The experiences of most ASEAN member states in dealing with their security problems, since the establishment of ASEAN and at least until the Vietnamese invasion of Kampuchea, do seem to confirm such a common perception.⁹ However, the fact that they now differ widely and publicly in their perception of threats in the wake of the Vietnamese invasion is not necessarily to be construed as a negation of the Bali consensus. The expression of the ASEAN states' resolve in Bali now seems only to reveal that subversion is a common potential source of threat. But it is not necessarily *the* main, let alone only, common potential source of threat to their security. For Indonesia, as

⁵Bernard K. Gordon, "America Redux: East Asian Perspectives on the Superpowers and Asian Security," *Parameters* vol. XII, no. 2 (June 1983), p. 36.

⁶For different national perceptions of threats, see *ibid.*; Donald E. Weatherbee, "The View from ASEAN's Southern Flank," *Strategic Review* (Spring 1983), pp. 54-61; and the editorial, "A Matter of Perception," in *Straits Times*, 28 February 1984; see also papers presented at a private conference on *Threat Perceptions in East Asia-Pacific-Policies and Future Directions*, organized by the Pacific Forum, Hawaii, February 6-8, 1982.

⁷See Jusuf Wanandi and M. Hadi Soesastro, "Indonesia's Security and Threat Perceptions," in *ibid.*

⁸All quotations from ASEAN documents in this paper are taken from *ASEAN Documents* (Jakarta: ASEAN National Secretariat, Department of Foreign Affairs, n.d.).

⁹See Sheldon W. Simon, "The ASEAN States: Obstacles to Security Cooperation," *Orbis* (Summer 1978), pp. 415-434.

mentioned before, internal subversion has remained the main potential source, if not the only one, of threat to its security.

Several factors have combined to shape Indonesia's perception of threats. The first is historical. Indonesia's domestic political scene since the achievement of independence has been marked by repeated attempts at the overthrow of the legitimate government through open rebellion as well as subversion. In some cases not only the national government, but the integrity and even the very survival of the Indonesian state was threatened. The communist revolt in 1948, the well-known Madiun affair, even while the Indonesian revolutionary struggle for national independence was at a critical stage, was a case in point. The Moslem rebellion of 1953 and the regional revolt of 1958 threatened the integrity of the republic. And finally, the communist *coup* attempt of 1965 was an epoch-making event in Indonesia's history, whose success would have changed drastically not only Indonesia's identity but the face of Southeast Asia, and indeed the story of the world.

Those historical events have taught Indonesia another lesson: they have invited external interference, particularly by the great powers, which have added to the threat to its security. If Moscow was behind the communist revolt of 1948, Washington came to the aid of the rebels in 1958, if not openly, and Peking, so at least Indonesians continue to believe, interfered in the affairs of 1965 and beyond. This is why every big power is potentially a suspect of interference in Indonesia's internal affairs. To serve their own interests, they would be tempted to interfere in its domestic affairs if and when an opportunity presents itself.

In the experience of Indonesia, and indeed of Southeast Asia, external interference is also encouraged not only by domestic conflicts but also by intra-regional ones. The Chinese interference in 1965 was made possible also by their role in supporting Indonesia in its confrontation policy against Malaysia. The increasing Soviet presence in Vietnam has been facilitated by its dispute with both Kampuchea under Pol Pot and with China.

THE SOVIET THREAT

How then does Indonesia perceive of the Soviet threat? On the basis of the above analysis, it seems clear that Indonesia perceives of the Soviet Union as an external source of potential threat only to the extent that it may constitute an external source of aid to subversive and insurgent elements within the country or to a protagonist in an intra-regional conflict. The increasing Soviet presence in Vietnam is an example of the latter case, which in turn heightens such a perceptions of the Soviet threat because greater geographical proximity would facilitate the possibility of such transfers of aid.

As far as Indonesia is concerned, however, its perception of the Soviet threat is less urgent and more distant than its perceptions of China similarly as a possible external source of aid to subversive and insurgent elements or to a state which it supports in an intra-regional dispute. Officially, one important reason for Indonesia's reluctance to normalize its relations with China, which has been suspended since 1967, is China's refusal to meet its demand to renounce such assistance. In view of the unlikelihood of China's willingness to meet such a demand, which for China would mean the renunciation of an important principle of the world communist movement, and thus of its foreign policy, the real reasons for Indonesia's attitude ought to be sought elsewhere.

One important reason seems to be Indonesia's perception of China as the main source of external threat to its security, if only in the sense as understood above. In the light of China's capability, economic as well as military, to engage in such an undertaking, which is insignificant in comparison to that of the Soviet Union, such a perception seems untenable. However, China's geographical proximity to Indonesia, in contrast to the distant Soviet Union, makes such a perception understandable. This is the geopolitical dimension of threat perception.

Another factor is again historical. In the past centuries Southeast Asia used to be under Chinese suzerainty, on which basis China today is suspected of harbouring a historical claim to rightful influence over the Southeast Asian region.¹⁰ In order to achieve its objectives, furthermore, China would have certain means at its disposal but not available to the Soviet Union and certain advantages not enjoyed by the Soviet Union. These are the social, societal, and cultural factors.

Firstly, in Indonesia and elsewhere in Southeast Asia, there is a large overseas Chinese community. To be sure, there ought to be differentiation of the Chinese community. Most of them are Indonesian citizens, many of whom do not even speak Chinese nor have any connection with mainland China, for instance. But Indonesians in general tend to treat them as a homogeneous lump of people. And the general image is, rightly or wrongly, that they possess economic power and position incommensurate with their small number, that many of them are more sympathetic with and loyal to Peking than Indonesia, and that therefore they will be susceptible to manipulation and exploitation by Peking. A "fifth column" is a term popularly associated with the Chinese community, augmented by memories of alleged Chinese role in the communist *coup* attempt in 1965.

Furthermore, the Chinese enjoy a cultural and racial advantage over the Soviet Union. Their cultural and racial affinity with Indonesians -- the Chinese

¹⁰These points are also discussed in Weatherbee, "The View from ASEAN's Southern Flank," pp. 56-57.

are Asians, whereas the Russians are obviously non-Asian aliens, physically and conspicuously distinct from the rest of the population -- would give them greater and easier access to penetration and infiltration than the Russians. Nevertheless, for Indonesians in general the Chinese are above all Chinese. Thus jealously on economic grounds, and pure prejudice on racial and cultural grounds help to fashion Indonesian perception of the Chinese threat. A change in the Chinese leadership in Peking and in their foreign policy orientation does not seem to affect this perception.¹¹ In fact, given the assumption that the Vietnamese invasion with the support of the Soviet Union was instigated by provocations from the Chinese through Pol Pot's forces, which threatened Vietnam's security, the Kampuchean conflict, particularly the Chinese attack on Vietnam, has tended to strengthen Indonesia's perception of the Chinese threat. China's behaviour has invited the Soviet presence in Vietnam; which has aroused concern over the Soviet threat, and has thus tended to confirm that perception.

One may rightly raise the question if such a perception of threat is still relevant to the situation in Indonesia today, where the communist party has been dissolved and banned, and so have other political parties alleged to have been involved in Moslem and regional rebellions, separatist movement, and other subversive and insurgent activities. It is true, of course, that with their organizations broken, they are practically and physically crippled. But it is certainly ill-advised to underestimate their militant idealism, which may find expression in a variety of forms. Thus while as a source of threat to stability they are likely to remain dormant for a long time to come, the seeds of extremism are there and potential issues of social, political, economic, and cultural as well as religious nature abound that may serve as vehicles for their manifestation and eventual re-emergence.¹²

Moreover, the process of development is likely to create new problems of socio-cultural, economic, and eventually political nature. It may give rise to social discontents over what may be seen as practices of injustice, inequitable distribution of prosperity, and the like, aggravated by rising demands and expectations attendant to improvements of living standards as a result of development. These may constitute sources of social unrest and upheavals that may pose a threat to stability.

¹¹*Ibid.*, p. 57; for a discussion of Indonesia's perception of the Soviet and Chinese threats, see also Hadi Soesastro, "The US and the USSR in the Second 'Cold War' and Its Implications for Southeast Asia," *Indonesian Quarterly*, vol. X, no. 1 (January 1982), pp 52-59. The perception of China, not Vietnam, as the main source of threat to Southeast Asia has also been expressed recently by General Murdani, Commander of the Indonesian Armed Forces, on his recent visit to Vietnam; see *The Nation*, 24 February 1984; his view is backed by President Soeharto; see *Straits Times*, 28 February 1984, and *Bangkok Post*, 28 February 1984.

¹²A call for vigilance against communist subversion has recently been made by General Murdani; see *Bangkok Post*, 28 February 1984.

It is to be noted in that context that a perception of threat to national security posed by such potential sources as referred to above continues to be the basis of a decree issued by the People's Consultative Assembly (the supreme governing body in the Indonesian system of government) of 1983 on the tasks assigned to the President. Article 2 of the decree says that the Assembly "Authorizes the President/Mandatory of the People's Consultative Assembly to take the necessary steps for the security and preservation of the Nation's unity and integrity and the prevention and overcoming of social unrests and the danger of the repetition of the G-30-S/PKI [*coup* attempt by the Indonesian Communist Party in 1965] and other dangers of subversion, which is essentially the security of National Development."¹³

THE PROSPECT OF AN ALLIANCE

It is clear then that for Indonesia the "Soviet threat" is not to be perceived of as a direct military threat. It stretches one's imagination a little too far to suggest, for instance, that the member states of ASEAN may be targets of a Soviet attack. To be sure, it is not, by itself, wrong to assert that about ten nuclear capable Tupolev Tu-16 "Badger" medium-ranged bombers alleged to have been deployed at the Soviet "base" in Cam Ranh Bay, Vietnam, which are said to have a 1,500 mile combat radius, "enables it [the Soviet Union] to strike the capitals of Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand ...," and that they are "a weapon the ASEAN nations cannot match," and therefore the "military forces of ASEAN would be hard pressed to defend against Soviet forces now in Vietnam."¹⁴ But the insinuation is, to say the least, wide off the mark.

Such a suggestion is erroneous on at least two accounts. Firstly, it confuses Soviet military capabilities with Soviet intentions. In point of fact, the U.S. military forces at their bases in the Philippines are no less capable of doing the same job, for that matter. Secondly, it ignores the differences in national perception of threats. A similar statement has also been made by Secretary of State Shultz that the nations of the Pacific region have a "clear-eyed perception of the military threat posed by the forces of the Soviet Union, Vietnam, and North Korea."¹⁵

It is on the basis of such erroneous premises that the idea has often been put forward on "inter-ASEAN defence cooperation," or "cooperative inter-

¹³Decree of the MPR (People's Consultative Assembly), no. VII/MPR/1983.

¹⁴Richard D. Fisher, Jr., "Moscow's Growing Muscle in Southeast Asia," *Backgrounder* Asian Studies Center, the Heritage Foundation, Washington (April 4, 1984), pp. 1 and 4.

¹⁵Shultz, "The U.S. and East Asia: A Partnership for the Future," *Current Policy*, no. 549, United States Department of State Bureau of Public Affairs (March 5, 1983), p. 2.

regional response to meet the common Soviet threat,"¹⁶ or even "collective Pacific Community security cooperation."¹⁷ And U.S. Assistant Secretary of State for Defence, Mr. Richard Armitage, has been quoted as saying that the U.S. will fulfil all its defence promises to ASEAN, particularly to face the "dramatic expansion" of the Soviet military power in the region and that it is ready to face the Soviet military build-up together with ASEAN.¹⁸

Such suggestions obviously take for granted the realization of a common danger, the glue that is required to bind any coalition or alliance together. They ignore or fail to appreciate the great diversity that marks the ASEAN states, not to speak of the vast Asia-Pacific region, in terms of national perceptions, priorities, aspirations, traditions, and the dynamics of internal politics. ASEAN leaders take pains to explain to the outside world and to their own peoples that the association is not, and will never be, a military pact; that security cooperation between its member states is merely a bilateral arrangement. This has been done in the face of suspicions and misgivings such as on the part of the Soviet bloc countries, which have often accused ASEAN of being the fruit of "U.S. imperialist machination" as a guise to replace SEATO. Suggestions on "inter-ASEAN defence cooperation" would only serve to confirm such suspicions, which used to be dismissed as communist propaganda. "There are mounting attempts to turn ASEAN into a military bloc," declares a Moscow journal.¹⁹

ASEAN's cautious attitude towards any idea of an alliance or a multi-lateral defence arrangement may in part account for the reluctance, and even suspicion on the part of its member states, at least initially, towards the idea of a Pacific Community organization. It has been suggested that how ASEAN countries will actually respond to the idea will depend, among other things, on these imperatives: that the concept is not perceived as a western neo-colonial proposal devised for western neo-colonial purposes; and that it is not seen as compromising the non-aligned status of the ASEAN states or throwing them into a web of political entanglements in which they do not wish to be caught; that the concept is not anti-Soviet or even anti-Communist. A western equivalent of the Russian concept of collective security is unacceptable.²⁰ Now

¹⁶Fisher, "Moscow's Growing Muscle," pp. 8-9.

¹⁷Robert L. Downen, "Needed: A Collective Pacific Defense System," *The Asian Wall Street Journal*, 26 January, 1983.

¹⁸As reported in *Kompas*, 10 October 1983, quoting from an interview with a *Bangkok Post* correspondent.

¹⁹M. Dughersuren, "Asia's Most Urgent Problem," *Far Eastern Affairs* (Moscow), no. 2 (1983), pp. 22.

²⁰Noordin Sopiee, "ASEAN and the Pacific Basin Concept: Questions and Imperatives," in *Pacific Economic Cooperation*, p. 200.

that response from ASEAN circles has become more positive since the beginning of this decade,²¹ ideas about a military alliance among the countries of the Asia-Pacific region against the "Soviet threat" would be grist for the Soviet propaganda mill that would only further impede or even undermine the development of the concept towards maturation and acceptance.²²

Above all, at least in the light of Indonesia's perception, the idea of a collective security or defence alliance, either limited to the framework of ASEAN, or in the wider context of the Asia-Pacific region, would have little relevance to the sources of threat to its peace, security, and stability or to those of ASEAN. As examined earlier, these sources of threat are a mixture of internal and intra-regional conflicts and external interference consequent upon either of them. Such an alliance, with the assumption that the U.S. would be the dominant power within such an arrangement, would be unable to prevent internal or intra-regional conflicts, nor external interference that such conflicts may bring about.

On the contrary, instead of eliminating the threats of subversion and infiltration, and thus of internal unrest and instability, alliance with a great power may tend to increase such threats because of the great power's engagement in internal conflicts. And instead of overcoming intra-regional conflicts, alliance may even involve the dependent countries in such conflicts, as demonstrated by the engagement of some Southeast Asian countries in the American intervention in Vietnam.

Moreover, alliance with a big power implies undue reliance on a big power, whose credibility, however, may turn out to be doubtful when the chips are down. And openly taking side with the U.S., which in all probability will result in its preponderant influence, is likely to call forth the reaction of the Soviet Union, which almost certainly will perceive it as an increasing threat to its security. This, in turn, will create a threat to the weaker, dependent countries, whose search for security will have come full circle and whose perception of the "Soviet threat" will have thus become a self-fulfilling prophecy. As factors in the global strategic calculations of the United States, they may very well become "frontline states" and possible targets of a Soviet attack.

The expectations that ASEAN may be enlisted in an anti-Soviet and anti-communist alliance under the leadership of the U.S. seems to be based, among other things, on the consideration that until now it has comprised only the

²¹See Russel H. Fifield, "ASEAN and the Pacific Community," in *ibid.*, p. 195.

²²See Y. Stolyarov and A. Shmyryov, "The 'Pacific Community': Economic Integration or a Military-Political Bloc?," *Far Eastern Affairs* (Moscow), no. 3 (1983), pp. 65-76.

non-communist states of Southeast Asia.²³ But ASEAN, as stated in the founding Bangkok Declaration as well as subsequent statements, is open to the membership of other nations in Southeast Asia, particularly the Indochinese countries. Moreover, as far as Indonesia is concerned, its "anti-communism" has only domestic significance in that communism is not to be given place in Indonesian society. It is not to be projected beyond its national borders. It is not to prejudice Indonesia's independence and active foreign policy,²⁴ with a view to fostering good, friendly and mutually beneficial relations, in principle, with all countries irrespective of social, political and economic system. Indonesia has no interest and desires no part in morally policing the world in a crusade against communism, which would amount to interference in the domestic affairs of other countries.

INDONESIA AND ASEAN: RESPONSE TO THREATS

By definition, internal conflicts and instability lie within the domain of national affairs and are therefore the responsibility of each nation concerned. Only when a nation can prevent, contain, and overcome internal conflicts, can it ensure its security and stability. In other words, it depends on a nation's own capability to put its own house in order, to prevent the seeds and causes of conflicts by being responsive to the demands and expectations for prosperity and its even distribution, and to popular aspirations so as to prevent the rise of social unrest and discontents that would otherwise resort to subversion and insurgencies. This is the underlying idea of the principle of national resilience which covers all the aspects of the national life. It is, in essence, a nation's capability in ideological, political, socio-cultural, economic, as well as military terms, to ensure its own internal stability and thus security from external interference.

Just as the prevention and containment of internal conflicts would ensure internal stability and security from external interference, the prevention, containment, and peaceful resolution of intra-regional conflicts would ensure regional stability and security from external interference. If national resilience ensure internal stability, regional resilience would ensure regional stability, and both levels of resilience would ensure security from outside interference.

It is in that light that one can appreciate the fundamental significance of ASEAN. Aside from the threat of subversion, considerations of security for its member states from external interference were paramount in the motivation of

²³They are even described, including Indonesia, as "capitalist" nations: Downen, "Needed: A Collective Pacific Defense System."

²⁴Decree of the MPRS (Provisional People's Consultative Assembly) no. XXV/MPRS/1966.

the establishment of the association. The member states, says the Bangkok Declaration, "are determined to ensure their stability and security from external interference in any form or manifestation in order to preserve their national identities in accordance with the ideals and aspirations of their peoples." By uniting in the regional cooperation of ASEAN and by attempting to prevent, to contain, and by peaceful means to solve conflicts among themselves, that is, intra-regional conflicts, the member states undertook to avoid the possibility of external interference that might threaten their security.

Indeed, security from external interference has been a major preoccupation of the ASEAN member states ever since the inception of the association. Such concern is easily understood against the backdrop of the region's experience, as noted earlier, in the immediate years preceding as well as accompanying the establishment of the association in 1967. Confrontation had just been brought to an end between Malaysia and Indonesia, and the conflict in Indochina was escalating, both of which had invited the increasing presence and role of the great powers, and thus their interference in the region of Southeast Asia, directly or otherwise. At the same time the interference of the great powers in adversary relationship with one another also increased the possibility of the region getting embroiled in big power conflicts which added threats to the security of Southeast Asian nations.

It was the same rejection of outside interference and concern with the danger of involvement in big-power confrontations that the idea of securing the recognition of, and respect for, Southeast Asia as a Zone of Peace, Freedom and Neutrality (ZOPFAN) was launched in the Kuala Lumpur Declaration of 1971, reaffirmed later on in the Declaration of ASEAN Concord and the Treaty of Amity and Cooperation signed at the Bali Summit in 1976. The time was opportune to give ASEAN's concern with the threat of external interference and the danger of involvement in big-power conflicts its more concrete and formal expression in view of the British intention to withdraw from East of Suez and the eventual withdrawal of U.S. forces from Southeast Asia envisaged by the enunciation of the Nixon doctrine. These might leave behind what might be perceived as a vacuum to be filled by other great powers, which in part accounts for the Soviet proposal for an Asian collective security system launched by Brezhnev in 1969.

The idea of ZOPFAN is meant to be a framework for peace and security in Southeast Asia. It is a response to the kinds of threat as perceived by the ASEAN member states, at least, that is to say, until the emergence of the Kampuchean problem. It is to be an arrangement which, while recognizing the legitimate interests of the big powers and allowing for their proper involvement in the region, aims at reducing or restricting the level and type of their in-

volvement. It is intended to prevent Southeast Asia from becoming an arena of international conflict.

Indeed, how ZOPFAN is ultimately to be realized remains to be explored further. But to dismiss the idea, asserting that "total self-reliance appears to be unrealistic, as is total avoidance of future entanglements," and that ZOPFAN "remains a utopian goal of the politically less sophisticated"²⁵ is only to demonstrate fear of challenging conventional wisdom, an impulse to employ a simplistic approach to a complex problem, and above all a lack of understanding of, and sensitivity to, national and regional sentiments and aspirations.

For one thing, it is absurd to equate national and regional resilience with total self-reliance. For another, it is an expression of defeatism to accept as inevitable any future entanglements, though no one has referred to "total avoidance." Certainly, no one can talk in terms of perfection about international politics. ZOPFAN may be an ideal, and thus by definition utopian, but it is to serve as a guide to action, geared as closely as possible towards that ideal, the realization of which can never be as perfect as the ideal itself.

It is with a view to such a realization that ASEAN has set up a machinery embodied in the Treaty of Amity and Cooperation by which its member states undertake to solve intra-regional conflicts peacefully. Indeed, as a first step, the ASEAN member states should be able, so to speak, to neutralize one another, namely, to avoid internal and intra-regional conflicts and to solve such conflicts by peaceful means, so that ASEAN may be comparable to what is known as a "security community."²⁶

However, the realization of ZOPFAN would certainly require the acceptance not only by all the countries of the region, but also by external powers, particularly the great powers, short of "guarantees." They should be able, as it were, to neutralize themselves. None of them, in their own best interests also, should attempt at a predominant position or influence in the region. These two aspects of ZOPFAN would serve to answer such questions as neutrality in relation to what conflict, potential or actual, and in relations to whom?²⁷

²⁵Hans Indorf, "5 + 1 is the Formula for Southeast Asian Defence," *Far Eastern Economic Review* (September 15, 1983), p. 28.

²⁶Djiwandono, "The Political and Security Aspects of ASEAN," p. 24.

²⁷A.W. Stargardt, "Neutrality within the Asian System of Powers," in *New Directions in the International Relations of Southeast Asia: The Great Powers and Southeast Asia*, ed. Lau Teik Soon (Singapore: Singapore University Press, for the Institute of Southeast Asian Studies, 1973), p. 111.

REDUCING EAST-WEST TENSIONS IN THE ASIA-PACIFIC REGION

At the bottom of all the recent anxieties about the "Soviet threat" in the Asia-Pacific region, which have contributed to the increasing tensions between East and West, seems primarily to be a problem of perception or misperception, misunderstanding and confusion mutual distrust and suspicion. What is needed, therefore, seems to be at least a re-evaluation of our own perceptions and understanding of Soviet intentions, interests, and objectives, as well as Soviet capabilities and limitations to carry out those intentions and to achieve those objectives, *vis-a-vis* the strategic and political environment of the Asia-Pacific region. To do so is by no means to offer an apology for the Soviet Union or anything approaching the idea of "unilateral disarmament." But it would certainly help to reduce the possibility of Soviet misreading our own intentions, interests, and objectives, of which, one would hope, the Soviet Union will also undertake to re-assess its perceptions and understanding.

To begin with, the terminology very often used in discussions about the Soviet presence in the Asia-Pacific region such as the need to "counter" the Soviet "advances," to "redress" the balance of power, to "halt" Soviet "expansionism," and to "meet" the Soviet "threat," seems to be heavily loaded with prejudice. It constantly puts the Soviet Union on the active side of the game, always taking the initiatives, with the rest of the region, particularly the United States, always reacting. The reality, of course, is not that simple. It is not always easy to say for certain who reacts to who, who balances who, and who challenges who?

Take the case of Southeast Asia, where the Soviet presence in Vietnam constitutes a source of some concern to Indonesia and the rest of the ASEAN states. Taking not only of the facts that Vietnam joined the COMECON in June 1978, and that the treaty of friendship and cooperation between Vietnam and the Soviet Union was signed in November 1978, followed by the Vietnamese invasion of Kampuchea in the following month, and the Chinese attack on Vietnam in February 1979, one would present the case of a Soviet-backed Vietnamese aggression. And Secretary Shultz could claim that "China has begun ... to play a constructive regional role, especially in its efforts to combat Vietnam's aggression in Kampuchea and elsewhere,"²⁸ Taking account of another series of events, however, particularly the fact that China had suspended at least a part of its aid to Vietnam before June 1978, and that there had been previous provocations by Pol Pot forces along the Vietnamese-Kampuchean border with the support of the Chinese, one would arrive at a somewhat different picture.

²⁸Shultz, "The U.S. and East Asia," p. 3.

Moreover, traditionally the region of Southeast Asia was never one of great strategic significance for the Soviet Union.²⁹ But it has gradually assumed greater significance for the Soviet Union because of the latter's conflicts with China, which is now seen to be turning closer to the West and Japan in an anti-Soviet coalition. In Vietnam, because of its conflict with China, the Soviet Union has found a strong ally in its efforts to contain China, at the same time to realize its aspirations to fill what it sees as a vacuum of power created by the U.S. defeat in Vietnam. Southeast Asia has also assumed greater importance for the Soviet Union, whose growing naval capabilities now need the Straits of Malacca for access to the Indian Ocean.³⁰

Indeed, the Soviet Union has, in that venture, reportedly acquired military bases at Cam Ranh Bay and Da Nang in Vietnam. But while the Soviet military presence in Vietnam may have future political implications for the rest of Southeast Asia, a Soviet attack on the ASEAN capitals does not seem highly conceivable. And to prepare the defence forces of the ASEAN states for such an eventuality would entail an unwarranted reallocation of considerable resources so badly needed for their economic developments.

In addition, it is hard to understand the clamorous concern about the Soviet "bases" in Vietnam -- which used to be U.S. bases -- the first the Soviet Union has ever had in the Asia-Pacific region outside its own territory, when for many years it has been encircled by American bases and Western alliances along its perimeter. The U.S. has had at its disposal bases in Japan and the Philippines for decades, and can boast five of its seven defence agreements located in the Asia-Pacific region, including treaties with Japan, Korea and the Philippines, the Manila Pact which adds Thailand to its treaty partners, and the ANZUS Treaty.³¹

Secretary Shultz admitted that "A decade and a half ago, Soviet warships seldom ventured South into the Pacific. Now, the Soviets have their largest fleet in that ocean, backed by modern, long-range bombers."³² This means that for a long time the U.S. actually enjoyed supremacy over Soviet power in the Asia-Pacific region, if not, in fact, the world over. And apart from military capabilities, the political and economic developments in the Asia-Pacific

²⁹See Charles B. McLane, *Soviet Strategies in Southeast Asia: An Exploration of Eastern Policy under Lenin and Stalin* (Princeton, New Jersey: Princeton University Press, 1966).

³⁰Zagoria and Simon, "Soviet Policy in Southeast Asia," in *Soviet Policy in East Asia*, pp. 153-175.

³¹Armitage, "U.S. Defence Policy," p. 29

³²Shultz, "The U.S. and East Asia," p. 2.

region have continued to create a generally unfavourable environment for the Soviet Union.³³

One would rightly wonder, therefore, if the Soviet military build-up in the region has not been part of the Soviet attempt to overcome its sense of insecurity in the face of such an environment.³⁴ And what is said to be the U.S. resolve to restore its power, including its military power,³⁵ may possibly be no more than an attempt to regain the loss of its supremacy.³⁶ This may partly explain the mutual accusations between the U.S. and the Soviet Union of each other of breaking the "strategic balance," or "strategic parity," and of attempting to acquire supremacy, which would lead inevitably to an endless spiral of arms race.

President Reagan has stated, "When we took office in 1981, the Soviet Union had been engaged for 20 years in the most massive military build-up in history. Clearly, their goal was not to catch us, but to surpass us."³⁷ On the other hand, the Russians have long promised to match any new American deployment.³⁸ They, rightly or wrongly, have their own reasons, of course. The Soviet Foreign Minister Andrei Gromyko once said that "The most important objectives of Soviet foreign policy are ... defence of the state interests of the Soviet Union and strengthening the positions of world socialism. ... Let nobody have any doubts about our common resolve to defend our borders to ensure the security of all the elements comprising the community. ... there is no force capable of disrupting that unity."³⁹

Against such statements, when applied to the Asia-Pacific region, the U.S. has charged that the Soviet naval strength is "growing qualitatively and quantitatively far beyond what is needed for defence of the homeland and protection of their submarine-based deterrent,"⁴⁰ or "for communication and

³³Zagoria, "The Strategic Environment in East Asia," in *Soviet Policy in East Asia*, pp. 1-29.

³⁴Peter Polomka, "The Security of the Western Pacific: The Price of Burden Sharing," *Survival*, vol. XXVI, no. 1 (January-February 1984), p. 5.

³⁵See Paul H. Nitze, "Strategy in the Decade of the 1980's," *Foreign Affairs* (Fall 1980), pp. 82-101.

³⁶This is the argument offered, among others, in Fred Halliday, *The Making of the Second Cold War* (London: Verso, 1983), ch. 3, pp. 46-81.

³⁷Address to the CSIS, Washington, on 5 April 1984, *Official Text*, United States Information Service, Jakarta (April 10, 1984).

³⁸See Raymond L. Garthoff, "U.S.-Soviet Relations," *Strategic Digest*, vol. XIII, no. 12 (December 1983), p. 789.

³⁹Quoted in Seth Singleton, "'Defence of the Gains of Socialism': Soviet Third World Policy in the mid-1980's," *Washington Quarterly* (Winter 1984), pp. 103 and 104.

⁴⁰Dora Alves, "A Strategy for the Indian and Pacific Oceans," *Pacific Defense Reporter*, vol. X, no. 4 (October 1983), p. 13.

navigation as needed by Japan,"⁴¹ and that therefore it "threatens vital western economic and strategic interests."⁴² Such charges, however, not only means arrogating to oneself the right to judge the defence requirements of another country, but also implies denial of Soviet legitimate interests.

If the U.S. can boast that "With over 2,500 miles of Pacific coastline, one state which is an island in the middle of the Pacific and another with an island chain that spans the northern Pacific, there can be no question of U.S. right to be called a Pacific nation,"⁴³ certainly an equal claim can be made by the Soviet Union, more than half of whose landmass is in Asia with the largest coastline on the Pacific of any nation, some 12,000 miles: "An important role in the destinies of our planet belongs to the Pacific region inhabited by more than half of the world's population. This region has innumerable mineral and biological resources, it is an important area for international navigation and fishing, it exerts great influence on the formation of the climate on our planet and the state of the man's natural environment. Its natural resources should serve, in full measure, the whole of mankind and the objectives of progress and creation."⁴⁴

As a super and global power on the rise,⁴⁵ the Soviet Union has also an interest in maintaining a balance of power which it sees as least as not unfavourable to itself; to project its power beyond its national boundaries and immediate security interests; to have friends, allies, client states, influence, and if possible military bases as well; in short, to be entitled to a status and role of a global and superpower. At the 24th Congress of the CPSU in April 1971, Foreign Minister Andrei Gromyko declared that "Today, there is no question of any significance which can be decided without the Soviet Union or in opposition to it."⁴⁶

The Asia-Pacific region is not the monopoly of, nor to be dominated by, any one nation, and it is in the interests of the countries of the region to keep it that way. The arguments that "ASEAN leaders [and most probably many others in the Asia-Pacific region] look to the United States as the only power

⁴¹Armitage, as reported in *Kompas*, 10 October 1983.

⁴²Fisher Jr., "Moscow's Growing Muscle in Southeast Asia," p. 1.

⁴³Armitage, "United States Defence Policy," p. 29.

⁴⁴A Soviet message to the 14th Pacific Scientific Congress held in Khabarovsk in 1978, quoted in Stolyarov and Shmyryov, "The 'Pacific Community'," p. 76.

⁴⁵For a discussion of the Soviet Union as a global and super power, see Vernon V. Aspaturian, "Soviet Global Power and the Correlation of Forces," *Strategic Digest*, vol. XI, no. 1 (January 1981), pp. 76-98; and Philip Windsor, "The Soviet Union in the International System," in *Prospects of Soviet Power in the 1980s*, Adelphi Papers no. 152 (London: IISS, 1979), pp. 2-11.

⁴⁶Quoted in Aspaturian, "Soviet Global Power," p. 76.

able to counter Soviet advances in the region," and therefore "They want Washington to play a greater political and military role,"⁴⁷ seem to be correct if understood in that light. But they ought not to be understood in the sense that every nation in the Asia-Pacific region needs the U.S. military power to defend them against the "Soviet threat." They need American power to maintain the global balance and stability and thus to reduce the possibility of East-West confrontation. That, at least, if not a genuine peace, is in the interest of all nations in the region, especially those preoccupied mainly with their national developments, geared toward the promotion of their national resilience, which would ensure their peace, stability, and security.

It is a gross oversimplification to reduce the complexity of international relations in the vast and greatly diverse area of the Asia-Pacific to a question of East-West relations, let alone to one of the "Soviet threat,"⁴⁸ and it may be self-defeating to see the interaction as a zero-sum game. Therefore, a reassessment is in order of currently established thinking about the diverse national and regional perceptions, interests, and aspirations with a view to discovering and promoting greater and wider convergence of interests upon which to manage and develop proper relations and cooperation to the benefit of all the nations in the Asia-Pacific region.

⁴⁷Fisher, Jr., "Moscow's Growing Muscle in Southeast Asia."

⁴⁸For a balanced discussion, see Obaid ul-Haq, "Prospects for Cooperation in the Pacific: Military and Political Dimension," *The Korean Journal of International Studies*, vol. XV, no. 1 (Winter 1983/84), pp. 3-15.

Critical Undercurrents in Future U.S.-ASEAN Relations

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During the Fifth U.S.-ASEAN Dialogue in December 1983, the United States was described as "lacking a political will which could further accelerate joint cooperation." Only a few days earlier, but some 7,000 miles away in Berlin, a former German Chancellor added another note of concern over American policy: "We are seeing military considerations getting priority over everything else; I think it is an aberration."¹ Similar statements were expressed at the November Commonwealth meeting in New Delhi as well as at the more recent NATO ministerial conference in Brussels. A sympathetic world is informing Washington that the absence of a comprehensive design for its foreign policy can lead to a misjudgment of events and an imbalanced development.

Specific tactical initiatives in the Middle East and Central America, and the failure of these attempts in European nuclear disarmament, have left the appearance of Asia as an empyrean of American inaction. The reverberations of a policy vacuum are beginning to be felt. The indicators of change are in place, and once they become operative, they could further lessen Washington's capability of influencing the course of Asian affairs.

The future parameters of United States policy in this region have been largely determined by the reelection of Mr. Nakasone and the likely incumbency of Mr. Reagan until 1989. Their close personal rapport will be used to ad-

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¹The ASEAN comment was made by Philippine Deputy Foreign Minister Manuel Collantes in his *Opening Address* to the Manila meeting, and reenforced by Malaysia's ASEAN Director-General Yusof Hitam, *Straits Times*, 6 December 1983, p. 48; Helmut Schmidt spoke to an American audience in West Berlin, *International Herald Tribune*, 5 December 1983.

vance respective national interests while minimizing bilateral friction. Within this framework, Southeast Asia will remain an adjunct to, not the focus of joint endeavours as Japan and the United States seek to maximize their goals on a global scale.

If, for the moment, the desirable is set aside in preference for the probable, near term relations between ASEAN and the United States can be expected to be supportive but benign in quality, and miniscule in quantity. The reasons for this denouement will be examined with reference to three forces that seem to affect decision-making in Washington these days: a militant adherence to fading concepts, an Asian assertiveness and ambivalence foreclosing American initiatives, and finally an asymmetrical interdependence which demands new forms of interaction. But elements of change also suggest alternative lines of policy. Should these be considered affirmatively, they could transform a currently stagnating relationship. U.S.-ASEAN cooperation has to accept new challenges in order to regain momentum; both parties have too many values in common.

CONSTANTS AND VARIABLES IN REAGAN'S ASIAN POLICY

Continuity in foreign policy provides reassurance and permits predictability. There has been a faithful public adherence in the U.S. to globalism, anti-communism and containment in principle. However, differences in style, emphases, and regional reception make for doubtful continuity. A dynamic Asian nationalism questions outdated patron-client bonds but is also wary of too close an identification with a superpower even if it is based upon mutual respect and an equitable representation in joint endeavours. In its tenacious pursuit of global objectives, the United States is relegating Southeast Asia to the backwater of Washington planning. Intermittent functional contacts with ASEAN keep lines of communication open as a matter of procedural obligation. Trends within the region portend greater aloofness from each other.

A Reaffirmation of Postwar Principles Despite A Changing Historical Environment

American foreign policy over the past few years has shown a clear resolve in dealing with imminent problems. Short-term solutions were given preference over long-term goals, and military might over meaningful negotiation. Intentions remain obscure, and the predominant emphasis upon force can invite miscalculation. What role does East Asia play in this American pursuit for conceptual objectives? In particular, is ASEAN detrimentally affected?

Globalism is no longer a choice for the United States. As President Reagan reiterated, "No area of the world is beyond the scope of American interests," and as the number of conflict situations increases, so does the projection of American power. "Closer relations in the Pacific make for more prosperous conditions worldwide," is the official stepping-stone theory, aptly seconded by Secretary of State Shultz, "We are the one nation of the (Pacific) region with both a worldwide view and the capacity to implement a worldwide policy."² Asia, it is implied, is not necessarily the primary goal but can assist with the resolution of problems elsewhere in the world by localizing its own conflicts. American intervention has acquired a deterministic flavour. According to President Reagan, "We cannot pick and choose where we will support freedom; we can only determine how." Will Asia have to become a battlefield before it gets the attention it deserves?

Anti-communism has attracted many adherents among Asian people and their governments, but foremost as a passive reflex for protecting an indigenous, free way of life. For America, it has not only become a dominant theme but, coached in the language of ideological absolutes, anti-communism has attained an unequivocal, uncompromising tone. It has developed an independent policy momentum instead of remaining a mere policy tool as a minor adjunct to the advocacy of positive values. The Soviet Union is "the greatest source of our insecurity" and has been accorded "the most favoured enemy status." What once was regarded as a fundamental political problem is now viewed through the prism of an essential equivalence of forces which demands reliance upon military instruments. Nations become collaborators in a polarized world which cannot logically live with the presumed inconsistency of non-alignment or neutralism.

In recent testimony before the U.S. Congress, a Defense Department spokesman projected the consequence of these sentiments to Asia.³ "Our Asian friends ... are now in range of an impressive array of ... Soviet flexible aggression capabilities." The U.S. cannot halt Soviet global expansion by itself. "Our Pacific friends ... must now weight the benefits of cooperation with us against the real risks of thereby becoming Soviet targets ... those who would yield to the Soviets must face ... the Brezhnev Doctrine of intervention." Apparently, Washington does not visualize any other choice but being a target, either of Soviet missiles or of Soviet occupation.

²Reagan departure remarks before leaving for Japan and South Korea on 8 November 1983, Secretary of State Shultz' comments are from an address to the San Francisco World Affairs Council, 5 March 1983. Sec U.S. Department of State, *Current Policy* no. 459, p. 3. For some cogent arguments, see Tom Wicker, *The New York Times*, 30 October 1983.

³James A Kelly, Department Assistant Secretary of Defense, in a statement on 19 October 1983 before U.S. House Foreign Affairs Sub-Committee on Asia and Pacific Affairs, *USIS Wireless File*, 20 October 1983.

Containment as a contemporary objective owes its fashionability to circumstances which are no longer applicable. The undisputed superiority in nuclear and naval warfare of the early 1950s is only imaginative thirty years later. Where alliances of the Dulles era gave a structural framework to the concept, today's aversion to multilateral security arrangements make containment an illusion.

Still, the concept is being kept alive under the guise of military substitutes instead of providing the economic motivation for free world unity. Tangential issues, whether the North-South dichotomy or Third World deficits, exacerbate fragmentation. The United States is now more frequently relying upon bilateral arrangements with certain key countries in a region. Yet with shifting alignments and government leaders, many agreements are just transitory facades. Some Washington attitudes may encourage this trend.⁴ The U.S. Congress threatened a 1984 foreign aid cut-off from countries opposing U.S. foreign policy. Government officials assured West Pacific countries that "the U.S. will accept no arms control agreement which will increase the SS-20 threat in Asia" only to provide no agreement in Geneva and an increased Soviet missile deployment in Asia. Even the strategic logic of a 1,000-mile sea-lane defense by Japan has had serious political repercussions. A greater American adaptability to circumstances overseas, before acting out of unilateral concern, may achieve more productive responses.

Vacillating Asian Strategies

The constancy of foreign policy principles, formulated in the immediate postwar era, has given reassurance to Asian allies, but their application by the Reagan Administration has created confusion. No doubt, the forcefully militant approach has successfully reversed the previous administration's image of weakness and indecision, but it has also alienated some friends by the apparent recklessness of sporadic actions. There is a spastic quality to America's foreign-relations today which underlines the utter deficiency in existing strategy to cope with more than the anti-Soviet imperative.

Particularly with reference to Asia, the uncertain variables in policy formulation become glaringly evident. Following World War II, the containment

⁴Some American initiatives, although well-intentioned, incurred opposite results. See the *Nation Review* (Bangkok), 15 November 1983; A Washington press briefing by a senior official, *USIS Wireless File*, 28 October 1983; Commander James Auer, U.S. Defense Department, *Shimado Conference Memorandum No. 10*, 2 September 1983. *The Yomiuri Shinbun*, 26 November 1983, reported that 108 SS-20s had been deployed at 13 bases in the Soviet Far East; Secretary Weinberger revealed in a Washington Press conference on 13 December 1983 that there were 117 SS-20 launchers east of the Urals, and another 27 sites were now being prepared.

of communist influence could be managed with a superior American arsenal and the creation of defensive alliances. When, in the mid-1960s, Vietnam challenged the twin-pillars of military superiority and alliance cohesion, the United States intervened largely unilaterally at considerable cost. This in turn brought forth the Guam Doctrine of July 1969, which left conflict resolution, in the event of subversion or neighbourly aggression, to local remedies. Smaller countries were clearly disadvantaged by this new concept and, in response, ASEAN advocated a Zone of Peace, Freedom and Neutrality (ZOPFAN) in 1971. Its contemporary inapplicability aggravated the regional arms race with spiralling national defense budgets.⁵

President Ford's Pacific Doctrine of December 1975 sought to alleviate mounting pressures on domestic economies by promising assistance in meeting local defense and development expenditures. Originally, President Carter stipulated a further force curtailment in the area and greater reciprocity in burden sharing, efforts which were later redirected by diplomatic recognition of China and renewed Philippine base negotiations. This uneven approach to Asian affairs was continued by President Reagan for lack of a more comprehensive and integrated foreign policy.

By his actions in El Salvador, Grenada, Chad, Lebanon, and the Persian Gulf, Reagan has, by implication, discarded the Nixon doctrine. His repeated oral defense of Taiwan weakened cooperation with Beijing, so carefully constructed by Nixon and Carter. The recent presidential trip to Japan and South Korea provided symbolism but little substance while leaving the ASEAN partner disappointed by non-appearance. It was left to Caspar Weinberger, in his 1984 defense report to Congress, to supply a more specific enumeration of Asian interests: the United States will fulfill its treaty commitments and "support the independence of friendly countries," presumably a reference to Taiwan. Those countries will be protected and the linkage to China be made strategically more durable. Above all, however, America will prevent the Soviet Union, North Korea and Vietnam from interfering with the peaceful development of the region. Are these intentions merely placatory?

There is obviously a mismatch between projected strategy and available American forces, and the strain on military resources is growing. "Commitments and operational planning for future contingencies are beginning to exceed U.S. capabilities," warned Army Chief of Staff General John A.

⁵A clear account is given by Henry Kissinger, *White House Years* (Boston: Little Brown, 1968), pp. 222-311; Carter's Asian initiatives are described, uncritically, by Zbigniew Brzezinski, *Power and Principle* (New York: Farrar, Straus & Giroux, 1983), pp. 196-233; For the rudiments of a Reagan policy, see Caspar Weinberger, *Annual Report to Congress-FY 1984* (Washington: U.S. Government Printer, 1983), pp. 15-35.

Wickham.⁶ The question is whether Washington should reduce its commitments or enlarge its armed forces. The Reagan Administration is doing both, without doing justice to either. When President Carter was elected in 1976, defense spending was authorized at US\$95.7 billion; at the end of President Reagan's term of office in 1984, the government request was for US\$274.1 billion, and US\$425.2 billion for 1988, a staggering increase. However, Congress and the public are beginning to oppose escalating military spending at the expense of domestic programs. Deepening military involvements will have a political impact during the 1984 presidential election year. The 1985 spending projection, now being considered, already deemphasizes Asia in force allocations. Existing treaty obligations are not openly downgraded but the demand for joint defense efforts is a euphemistic description of just such intention.

Style, substance and system of U.S. foreign policy must move beyond the martial gesture and the mere injection of funds into defense. Accomplishments have to reflect lasting values; single incidents such as the Grenada invasion could be viewed more positively if they were part of a grand scheme that is fully endorsed by a majority of Americans, understood by its allies, and respected by possible adversaries. How do constants and variables in U.S. foreign policy affect ASEAN?

Policy Implications for Southeast Asia

Fluctuations, if not inconsistencies in Washington approaches to Asia, and the absence of an interrelated strategy, are causing concern in the capitals of the region. It is generally accepted that there is a broad convergence in outlook between ASEAN and the United States which suggests at least coordination, or preferably, cooperation. The American economic and political limitations in capability, if measured against its total obligations, have not yet generated sufficient compensatory actions among Asian states. On the contrary, expectations remain unrealistically high.

Mr. Reagan's strong anti-communist stance, almost to the exclusion of any other considerations, has been widely but cautiously applauded. The inferences for ASEAN are less clear. If international relations are dominated by a greater ideological militancy, non-aligned countries can more often be expected to state a preference with consequent damages to their world image.

⁶While General Wickham reported to the Washington Press in August 1983, 43% of the U.S. Army was deployed overseas, 14 of 30 AWACS surveillance planes were abroad, and 5 out of 12 aircraft carriers were in foreign waters. *International Herald Tribune*, 11 August 1983, 21 September 1983, the budget quotes are from Weinberger, *Annual Report*, p. 71, p. 319.

Washington has also shown a policy emphasis in areas with a potential for direct confrontation with the Soviet Union, and Southeast Asia clearly does not yet fall into this category. Consequently, less assistance should be anticipated unless an evolving situation readily demonstrates political-military needs.

U.S. expectations for indigenous defense contributions are overly optimistic. Soaring costs of military self-reliance have forced drastic cost-reducing measures. Already, regional defense budgets are on a relative decline. Washington official-dom still sees in the existence of political pluralism a better guarantee for collaboration without realizing that it may interfere with traditional domestic processes.⁷ In all, however, attention to ASEAN problems will be submerged in the administration's global activities. This selective and evidently minimal interest in ASEAN is matched by a greater policy independence on the part of ASEAN. Diverging objectives cannot easily reconcile a declining reciprocity.

ROLE EXPECTATIONS AS U.S. POLICY DETERMINANT

Present American foreign policies, and their application to Asia, can be rightly criticized as being ineffectual and confusing. Yet Asian political development is not static; there are indications that governments are prepared to chart their own course in world affairs which is likely to be not just independent, but deviating from U.S. views. This dilemma is compounded by the void in basic American foreign policy declarations. Consequently, the U.S. is compelled by the actions of other nations to define its role in the region. Since this is an incremental and reactive process, it can again affect predictability and credibility of Washington's policy and, more likely than not, further diminish interest in ASEAN itself.

The crucial Asian countries whose program designs will tend to influence American relations with ASEAN, are Japan, China, Australia, and the Soviet Union. As they become more vocal in their claims, and more dynamic in their actions (regardless of content), they will focus U.S. attention on themselves, away from Southeast Asia. Specific policies can further intensify an American re-orientation. Yet U.S.-ASEAN relations are not exclusively determined by these actions, ASEAN itself is augmenting the ambivalence which characterizes cooperation between the two parties. As an important external factor in

⁷The Heritage Foundation prepared a *Briefing Book* (Washington: Asian Studies Center, 1983) in which they advise President Reagan, "Several Asian countries are viewed by other Third World countries as a model more relevant than the Western democracies." Among the criteria for American support is "Does political opposition exist at all?" p. 7.

the eventual evolution of a U.S. policy for Asia, these elements require further elaboration.

The Progressive Assertiveness of Extra-regional Actors

Until the 1970s, Japan had remained a passive participant in world affairs, tactically satisfied not to create international difficulties. Although chafing under the self-imposed limitation, it was officially content to play an Asian role. Even a closer association with ASEAN, commonly referred to as JASEAN, received public attention. Some form of trilateralism for the benefit of the Southeast Asian group was at that time a distinct possibility. Today, the situation has drastically changed. No longer is an American contribution of a nuclear umbrella an unquestioned advantage. ASEAN has reached an economic performance level where the compliant function of providing markets and raw materials has become a useless stereotype. Above all, however, Japan has assumed a new activism in its foreign policy that is globally oriented, consequently decreasing on a relative scale its involvement in Southeast Asian affairs.

When Mr. Nakasone became Prime Minister in 1982, he described contemplated changes in policy direction in a privately circulated memorandum.⁸ "The basic character of the Japanese state will always be that of a seafaring nation," implying a lesser interest in continental Asia. "We must accept the international responsibilities of the ten per cent state," referring to Japan's share in the world GNP, and our "excessive dependence on other serves only to injure (our) international credibility." As such, the Japan-U.S. relationship needs to be discussed in a global context.

Secretary Shultz accepted the consequences of this development when he admitted recently, "... something very remarkable has happened which presents us with another more profound challenge ... an increasing Japanese perception of Japan's global responsibilities ... our combined influence on world events (has) turned our partnership into a truly global relationship." What are some of the manifestations of this new global role?

A member of the Japanese Diet, Mr. Tokusaburo Kosaka, coined the phrase "strategic economic assistance as non-military deterrence." It suggests a complementary form of security cooperation in which Japan aids specific

⁸"My Life in Politics" is a typed, privately circulated draft by Yasuhiro Nakasone (Tokyo: May 1982), pp. 36, 75, 80; the subsequent remarks by Secretary Shultz are from his *Address to the Sixth Shimoda Conference* (Virginia: 2 September 1983), p. 7; The Kosaka proposal is from his *Shimoda Memorandum No. 7* (2 September 1983), p. 4.

countries to enhance regional stability. Since 1979, it provided US\$41 million for Afghan refugees and thus, in 1982, was the largest economic donor to Pakistan; it gave more economic assistance to Egypt than any other European donor, and more to Turkey except for Germany. Assistance to South Korea and held with China's modernization could be placed into the same category. Japanese-American coordination in their specific aid programs could, ultimately, by focussing on broader conflict areas, detrimentally affect the more tranquil societies of Southeast Asia.

Similar trends of a greater assertiveness are noticeable in China. Deng Xiaoping's power is still mortgaged to the military. Overt U.S. military transfers could provoke a harsh Soviet response elsewhere in Asia, and could compromise American flexibility on other issues. Yet Beijing's pragmatism has encouraged a rapprochement with the Russians which has made China strategically more attractive to the United States than Southeast Asia. Should it result in massive economic and technical assistance to China, it may require a reduction of aid to other countries important to the U.S. According to official Beijing sources, an American presence in Southeast Asia is acceptable to China as long as the Soviets are in Vietnam.⁹ Conversely, Washington is deferring to Beijing's claim which places the region in its sphere of influence; it also submits to China's preferred policies in the Kampuchean dispute, as long as America's policies are dominated by the anti-Soviet imperative. An eventual withdrawal of both superpowers from the region may be in conformity with ZOPFAN objectives and ASEAN's Bangkok Declaration, yet could permit a permanent, and unchallenged Chinese influence in Southeast Asia.

According to congressional testimony by the U.S. Defense Department, there are no indications that the Soviets may be prepared to withdraw from any part of Asia. Instead, it seeks a gradual "Finlandization" in the region, followed by the creation of satellite countries. Soviet military strength in the area has increased but "it made it more difficult for the USSR to achieve the status and influence in Asia which it so clearly desires."¹⁰ If the Soviet Union should decide to emerge from its low-profile political role in Southeast Asia, either by taking advantage of an apparent divergence in ASEAN threat perceptions or by projecting more vigorously its own collective security system, it

⁹These views were obtained during interviews at the Ministry of Foreign Affairs, Beijing, March 1983. Corroborating statements were made by the Foreign Minister Wu Xueqian, in December 1983 to the National Peoples Congress Standing Committee, *Straits Times*, 9 December 1983. American arguments are reflected in U.S. Library of Congress, Congress Research Service, *China's Future: Implications for the U.S.* (Washington: 8 November 1983), p. 11.

¹⁰Department Assistant Secretary of State, William A. Brown, in a Joint Hearing in the House Foreign Affairs Committee, 19 October 1983, *loc. cit.*, no. 3; For background, see Robert C. Horn, "The Soviet Challenge in East Asia," in *Asian Affairs* (Spring 1983), pp. 1-8.

could transfer a Soviet-American confrontational crisis to Asia. In any event, removing American forces from the Philippines is not yet a realistic subject for the Pentagon's contingency planning.

Of more immediate relevance to U.S.-ASEAN relations could be the closer identification with the region expressed by the Hawke government in Australia. Its diplomatic attempts to "rescue" Vietnam from its present isolation contradicts ASEAN, U.S. and Chinese policies, and is unlikely to be successful by itself. Yet repeated ASEAN reference to the responsibilities of its Dialogue Partners to support the organization in its Kampuchean ventures, could lead to confusion if not resentment among the other dialogue countries.¹¹ Vietnam trade with Thailand and Singapore is flourishing, and Japanese humanitarian aid to Hanoi is frequent but not classified as assistance. Broader Australian security efforts in the area, either bilaterally or through the Five Power Defense Arrangement, could advantageously supplement American endeavours. Australia's linkage to ASEAN is permanent, despite temporary misunderstandings. Canberra will not replace American interest in ASEAN, but it can use its geographic proximity for greater mutual benefit.

Ambivalent Signals from ASEAN

To the extent that the foreign policies of some extra-regional countries exert a gravitational pull on U.S. attention away from Southeast Asia, ASEAN contributes its own stimulant for a declining U.S. interest. These policy elements have inherent contradictions. One revolves around the attributes of sovereignty. It is readily conceded that any self-respecting country will arrange its foreign relations around the premise of its sovereignty. This finds expression in a justified demand for equality as well as for partnership in international fora. Yet some nations, vigilant of their independence, will insist upon equidistance and equitable representation while neglecting the compensatory obligations of burden-sharing and reciprocal responsibilities. The materially more advantaged among the legally equal may become less enthusiastic about the unilateral aspects of mutual relations. Some illustrations come to mind.

In preparatory talks for President Reagan's originally planned November visit to the region, Washington expressed interest in a U.S.-ASEAN summit, but ASEAN downgraded its side to the foreign minister level. Indonesia was

¹¹The United States and France, other Dialogue Partners, also did not co-sponsor the ASEAN U.N. resolution on Kampuchea, primarily since it would have implied acceptance of the Khmer Rouge. See *Asian Wall Street Journal*, 28 November 1983 and *Straits Times*, 5 December 1983, 8 December 1983, regarding aid and trade.

reported as unenthusiastic about the meeting but this was later denied by Professor Mochtar Kusumaatmadja. Malaysia's Deputy Foreign Minister, Abdul Kadir Sheik Fadzir was quoted as saying that "... the U.S. should stop playing a fireman's role in world affairs." But if that fire was in Thailand? Encik Kadir went on, "Malaysia's policy of equidistance with all superpowers will in fact be enhanced by Reagan skipping Malaysia."¹² Is it possible that the U.S.-ASEAN dialogue could further tarnish Malaysia's non-aligned image? Singapore's Dhanabalan told a New York audience, "U.S. relations with ASEAN countries ... are already disfigured with problems that mirror those in the U.S.-Japan relations ... the only permanent solution ... is for the U.S. to adopt a policy of economic reform." It is just that simple.

There is no ambiguity about the specific goals ASEAN wishes to attain. Even a cursory review of communiqués issued at the end of a U.S.-ASEAN dialogue is replete with forceful verbs: "ASEAN requested ..," "ASEAN urged ..." and "ASEAN expected ..." The issues themselves, however, have occasionally touched Washington sensitivities when they emphasized a one-sided interpretation. ASEAN expressed concern over tariff disparities between its own exports and those of the Caribbean Basin although the political necessity for a special Caribbean effort should have been apparent. Sales from the U.S. tin stockpile were criticized as were, incongruously, the effects of high deficits in the annual balance of payments. Even the U.S. preference for leaving economic initiatives in the ASEAN area largely to the private sector was not spared, despite the publicly professed commitment to the free enterprise system. When Washington suggested to having the 1983 ASEAN Task Force Report included in the agenda of the December dialogue, it was rejected as being of "only internal significance." One cannot help the impression of a situation with clear parallel interests which, however, do not often coincide.

Expanding U.S.-ASEAN relations on specific issues can be achieved, according to some American opinion, if current ambiguities could be minimized. This pertains particularly, but not exclusively, to security issues. During Secretary Shultz' June 1983 visit to Bangkok for the annual meeting of ASEAN, the belief was expressed that the organization is very interested in a U.S. presence in the Pacific which both sides see as "providing an essential underpinning for regional stability and security." No doubt there is broad consensus among all parties that expansive communism can be a threat, and that the United States should balance a Soviet presence in the region and pro-

¹²Dr. Mochtar's repudiation appeared in the *Straits Times*, 17 September 1983; Encik Kadir's remarks are in *New Straits Times*, 30 July 1983; Mr. Dhanabalan's quote is from the *Straits Times*, 1 October 1983. The Fifth ASEAN-U.S. Dialogue was held in Manila from 5-7 December 1983, and was covered by the *Straits Times*, 6-8 December 1983. Reference to the Shultz visit to Thailand is in *Bangkok Post*, 27 June 1983.

vide a deterrent against hostile nuclear deployment. Yet the measures adopted to achieve these goals remain under a cloud of uncertainty.

The American facilities outside Manila have come under increasing pressure, and not just from within the Philippines. Storage of nuclear materials and overflights by nuclear-bomb-carrying B-52s are prohibited by Japan and other states, as is ground deployment of cruise missiles. The 1,000-mile protective limit from Japanese shores has raised concerns in Southeast Asia, and any new security arrangements are strenuously avoided. Apparently, Asia is best defended from aboard American warships, and missiles providing the proverbial nuclear umbrella are best left on American soil. Although greatly oversimplified, the implications of this version of an American commitment has many American taxpayers perplexed; they question its fairness. Taken in its entirety, the consequences of enhanced national assertiveness and prevailing ambivalence point to a diminishing American interest in ASEAN, possibly at some risk to its own credibility.

THE DICTATES AND LIMITS OF INTERDEPENDENCE

The global perspectives of American foreign policy, its militant anti-Soviet aspects, and the external Asian determinants all tend to detract from the importance of U.S.-ASEAN relations. But is there not a certain commonality between the two parties which requires the support of each other's goals? Much credence is given to an escalating interdependence which is accepted as a fact of life but, regrettably, not yet as a state of mind. Interactions still revolve around the developed - underdeveloped axis, emphasizing a dependence syndrome.

It can be anticipated that as industrialization in ASEAN accelerates, dependence upon dialogue partners will decrease. Exports of raw materials will gradually shift to manufactured goods which will require new markets in Latin America and Africa; hence increased competition with industrialized countries. Yet for some time to come, security will remain the Achilles Heel of ASEAN dependence. American cooperation will be recast by these changing requirements.

Variations of Interdependence

Interstate relations are dictated by necessity. The degree of intensity with which they are pursued is circumscribed by benefits and costs. This dependence equation differs from issue to issue, and is complicated by trade-offs,

shifting ideological alignments, calculated risk-taking, and other factors. The only constant is the desire for national survival and incremental improvements. For later analytic use, the Keohane and Nye distinction is adopted, which discerns between sensitivity and vulnerability interdependence. The former suggests international transactions which are costly but can be changed by domestic initiative. Vulnerability interdependence, on the other hand, cannot be adjusted by national policies and thus implies a diminution of political autonomy. As will be seen in the Southeast Asian context, a vulnerability interdependence does not exist. Each party can, should policies necessitate it, transfer allegiance and dependence. However, the price could be prohibitive.

In the economic sphere, collaboration has expanded rapidly since 1977, when the first U.S.-ASEAN dialogue discussed feasibility and framework for economic cooperation. During 1982, US\$1 billion in development aid (or 12.5 per cent of the total) went to ASEAN countries; American private investment reached US\$10 billion; ASEAN earned US\$17 billion in exports to the U.S., or 17 per cent of the total value of exports from the region and lastly, ASEAN had a trade surplus with the U.S. of US\$1.3 billion.¹³ This year, ASEAN may well become America's third largest trading partner. American government loans, and guaranteed private loans, compare favourably with other areas. Preference continues to be given to bilateral arrangements and the multilateral mechanisms of international financial institutions. ASEAN as an organization still lacks the legal personality to be a full-fledged partner; six separate governments (with the inclusion of Brunei) have to negotiate with Washington.

The ASEAN Market is projected to grow four-fold by the year 2000; investments and government spending by similar proportions. In that year, the population is expected to have increased from a present 260 million to 310 million. For the past ten years, the annual increase in per capita income was 15 per cent and is likely to advance although at a slower rate of growth. These are all positive indicators for a continued attractiveness to American business and, of course, to other countries. As for the American government, according to Secretary of State Shultz, "The reality of mutual interest (must) create a relationship of mutual responsibility." When Washington informally approached ASEAN to join a cooperative effort between the U.S. and Japan to alleviate the financial problems of one of its members, the Philippines, the response was less than enthusiastic. Should interdependence begin at home?

¹³The statistical data and Mr. Shultz' quote is from his speech to the post-ministerial ASEAN meeting in Bangkok, 28 June 1983, in *Department of State Bulletin* (Washington: September 1983), pp. 24-26. The interdependence definition is taken from Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little Brown, 1977), pp. 8-19. For ASEAN projections, see Manuel Collantes' remarks in *Straits Times*, 8 December 1983.

While intergovernmental reciprocity in economic relations is characterized by conceptual discussion and American benevolence without the drive of necessity, interdependence in security affairs has acquired a more urgent, bilateral dimension. The danger of nuclear conflict has shifted the fault line of instability to the regions of the Third World. Thus an objective shared by ASEAN and the U.S. is to create a secure environment in which economic development can proceed without the fear of aggression and the concomitant burden of inflated defense budgets. It appears that internal exigencies can now be successfully managed by the Southeast Asian countries. It is the external security factor of possible great power impingement on the area which is still largely beyond the effective response capacity of ASEAN. It will have to rely upon an equilibrium of forces in the Pacific as well as the Indian Ocean.

But what balance? Japan's military strength is as yet curtailed by history and intention. The PRC represents a strategic counterweight without a convincing force to impede the USSR in its regional designs. This leaves to the U.S. the task of matching unilateral influence in the area, of deterring aggression, of preventing coercion, and of satisfying ASEAN security demands. Consequently, and with the tacit approval of ASEAN governments, the U.S. is maintaining a significant military presence in the area as a tangible measure of its interest.¹⁴ Of course, the U.S. is also protecting its own credibility vis-à-vis Moscow and is safeguarding Pacific treaty commitments.

East Asian bases and facilities are a cornerstone of this mutual bond. Security assistance to ASEAN governments is in the form of military sales credits, grants and training. Washington is overcoming the contradiction of its own need for budgetary constraint and the imperative for supporting friendly states. In FY78, the amount requested by President Carter for these services to ASEAN was US\$162.5 million, whereas President Reagan requested for FY84 US\$326.6 million, supplemented by US\$320 million for military construction and US\$103 million for licensed commercial military sales. In purely monetary terms, the American government's contribution to ASEAN is in the security sphere. Compared to the earlier definition of interdependence, this relationship reveals a certain asymmetry which harbors inherent liabilities.

The Realities of Interdependence

Undoubtedly, there exists a mutual dependence which, in the specifics of commercial relations, is largely consummated by the private sector while

¹⁴A comparison of force strength, capabilities and strategies can be found in Weinberger, *Annual Report*, pp. 139-176, 333-335; Joint Chiefs of State, *Military Posture FY1984*, pp. 9-34; Congressional Quarterly, *U.S. Defense Policy* (Washington, D.C.: 1983), pp. 48-54, 118-151; U.S. Congress, *FY84 Security Assistance Program*, pp. 9-42.

security remains a dimension of official speculation and governmental credibility. The opportunities afforded by a basic U.S.-ASEAN interdependence have not been fully utilized. On the contrary, each party has expressed reservations on particular issues, or has followed policies that tend to be inconsistent with a more enlightened compatibility. A few illustrations may suffice.

In security matters, both sides are clearly on a dual track with parallel but not identical understandings. To the U.S., the most important country from among the five member states of ASEAN is the Philippines, where history, bases and a security treaty have created a more preponderant interest. Yet the present internal political conditions there have made this linkage, and with it to the rest of ASEAN, rather precarious. The 1984 presidential elections in the U.S., and a burgeoning budget deficit, could induce the Congress to make deep cuts in regional assistance as well as the financial arrangements for a new base agreement. Yet the awareness that some residual interdependence has made the U.S. more susceptible to local instability, would prevent excessive action.

Still, uncertainties for ASEAN stay alive; memories will linger on about the tortuously negotiated Law of the Sea Treaty, approved by one administration and repudiated by the next. Lack of an American foreign policy consensus makes continuity and intensity of relations unpredictable, even to partners, the more so as America has lost the capacity to solve all security problems with its own resources. Consequently, a unilateral defense of mutual goals has become economically and politically unrealistic. The U.S. Joint Chiefs of Staff argued before Congress for collective defense arrangements which "spreads the cost of security, denies an aggressor the opportunity to act against a single nation, contributes to mutual security unattainable by independent efforts ... (and) serves as an economy-of-force measure" when U.S. forces can be concentrated where most needed.¹⁵ Yet ASEAN member states abhor multilateral alliances and declare existing bilateral ones as temporary. To maintain a special relationship to a superpower is tantamount to being regarded as a satellite.

And here ASEAN is staking out its claims for specific limits to a security interdependence. Three of the member states are full participants in the non-aligned movement. Taken together with the periodically active pursuit of ZOPFAN, it imposes definite restrictions on security collaboration. Misunderstanding about the implications seem to prevail. In the wake of the Korean Airlines incident in September, President Reagan proclaimed that

¹⁵See *Military Posture FY 1984*, p. 51. Also Henry Kissinger, *The State of Trilateral Relations* (Rome: Trilateral Commission, 1983) describing "... this Administration (as) very museular in its rhetoric ... (with) a lack of intellectual framework," p. 21.

the U.S. would identify "new areas of cooperation among the non-aligned nations ... They are looking to the U.S. for leadership."¹⁶ The other side was expressed in recent statements by two ASEAN leaders. Malaysia's Deputy Foreign Minister voiced the opinion that "The U.S. finds it much easier to deal with allies and enemies than with good friends who are not allies." Singapore's Foreign Minister told an American audience, "As you juggle your old friends and new, each relationship will have an impact on the other; at stake is your credibility." Washington is not yet ready to give advocates of non-alignment and of neutrality the same billing as an ally.

Constraints to mutual cooperation are also evident in the Kampuchean issue. Frustrated about the stalemate in its infrequent discussions with Hanoi, ASEAN had expected a more active role of the U.S., particularly with reference to the PRC, and possibly a recognition of Democratic Kampuchea (DK). In September, President Reagan met with Sihanouk and Son Sann, "but not as representatives of the government of the DK ... which we refuse to recognize because of the presence of the Khmer Rouge." General support for ASEAN is confined to "we follow your lead," but the tone was set by Secretary Shultz' Bangkok statement, "... you can be reasonable but never stupid."

National inhibitions are not confined to security although they may be more obvious. With import restrictions in place, access to markets remains the dominant problem for both parties. Domestic political pressures in countries with regular elections makes some form of protectionism almost inevitable. On the other hand, ASEAN is concerned lest it become a "receptacle for surplus goods" which could smother young local economies. Liberalization efforts are applauded by both sides but interpreted differently. An ASEAN invitation to American investors to participate in its joint industrial programs is stifled by complex approval procedures and conflicting national investment policies. These difficulties cannot be resolved in a multilateral forum but only in bilateral talks, as the recent U.S.-ASEAN dialogue in Manila demonstrated. However, the U.S. realizes that it does not have an economic preeminence in the area. The "Look East" policies of Malaysia and Singapore have broadened Japanese and South Korean involvement in economic development. It will certainly be an incentive to competition, among the developed countries today and among the industrializing countries tomorrow.

Interdependence has its benefits but in a world of assertive and prophylactic nationalism, inherent disadvantages tend to be more numerous. Each form

¹⁶In his *Saturday Radio Broadcast*, 17 September 1983. For comments by Encik Kadir and Mr. Dhanabalan, see no. 12. Subsequent references to Indochina are from *Straits Times*, 24 September 1983, 27 September 1983. Mr. Shultz was quoted by the *Bangkok Post*, 28-29 June 1983. Economic limitations described below were well described by the *Asian Wall Street Journal*, 6 December 1983.

of dependence is of a different kind and of a different degree. To admit its existence would contravene prevailing norms of national behaviour and presume responsibilities to a broader international clientele.

In order to preserve its regional integrity, ASEAN may have to diversify its security options as well as its economic contacts. Transnational interactions with emphasis on the private sector, could be a safer route to follow. The longer and the more intense an interdependence, the greater the possibility of vulnerability. Proxy wars become more likely as interdependence increases; ultimately only negotiation can provide greater security rather than sole reliance upon escalating defense budgets.

Until governments view interdependence as leverage for progress rather than as a threat to political autonomy, unilateral input will be regarded as intervention, and an excessive outflow as exploitation. In view of the restraints that are nationally imposed on U.S.-ASEAN relations, new forms of cooperation may be required.

ALTERNATIVE LINES OF POLICY FOR FUTURE COLLABORATION

New approaches to U.S.-ASEAN relations are necessary yet they are inhibited by political and institutional factors prevalent among ASEAN governments as well as by a low strategic estimate of the region in Washington. These constraints can be overcome if the elements of reciprocity and mutuality are augmented by a clear vision of specific and attainable goals. The task will not be easy and demand, above all, motivation and the acceptance of common objectives.

Some basic assumptions can be derived from the foregoing examination of American foreign policy concepts, a changing Asian strategic environment, and the uncertainties of interdependence. The defense shield provided by the U.S. against great power intervention in Southeast Asia exists because of unilateral intent and mutual consent. Recognizing its own economic and military limitations, Washington concluded that ASEAN could not be singled out for preferential treatment to the neglect of more comprehensive global obligations. Differing priorities and an unwillingness to share sovereign prerogatives limited the scope of cooperation. Nevertheless, ASEAN cohesion has permitted the Association an influence in international affairs whose potential has not been fully realized. Rapid industrialization will engage member states in more intense competition and, eventually, friction. A broad convergence in outlook will foster continued U.S.-ASEAN interaction despite labouring under severe handicaps.

Common denominators for joint action are obvious and in abundance. There is a geographic contiguity in concepts, be they the Pacific Basin initiative or the protection of trade routes. Both parties entertain an aversion to extremist views, particularly of the leftist variety. Pluralism has been accepted in political and economic terms, as well as the free market approach and the need for negotiated international adjustments. Non-violent solutions are preferred as a result of the mutual experience gained in international cooperative endeavours. But are these shared sentiments strong enough to transform a currently stagnating relationship into a dynamic cosanguinity?

The Pragmatic Dimensions of Mutual Responsibility

As ASEAN climbs the ladder of economic success, self-proclaimed and globally acknowledged, its goals and operating techniques must necessarily shift from that of a destitute client to one of a confident entrepreneur. Newly industrializing countries must adjust from being former recipients of international largesse to a role of future contributors. When aid, grants and other forms of assistance become scarce, many nations modulated their mechanism for credit acquisition to institutional loans which, in some instances through default, evolved into instruments of indirect aid. Perhaps at the appropriate time, ASEAN can consider enlarging the circle of its dialogue partners to include other than just industrialized donor nations.

As Japan is changing its image internationally commensurate with its economic power, it will increasingly share global leadership. The presently advocated concept of strategic economic assistance in lieu of more substantial military contributions, needs further clarification in the context of Southeast Asian requirements. No doubt, it will necessitate some adaptation of American intentions. Secretary Shultz suggested, in general terms, a division of labor.¹⁷ The scenario considers that U.S. economic strength be added to the regional potential, encouraging joint management, aid consultations, and even regular economic discussions at sub-cabinet level.

Mr. Dhanabalan advanced the idea, which is not yet locally pursued, that the U.S. and Japan "could serve as core of a broader community of states in the region sharing similar values and orientations." A more comprehensive Pacific cooperation has been the focus of private sector initiatives but has yet to lead to a governmental commitment. Activity and motion do not always equate with progress. ASEAN must be encouraged to look beyond the horizons of its immediate regional interests.

¹⁷*Bangkok Post*, 27 June 1983; the Dhanabalan remarks are from the *New York Times*, 1 October 1983.

Sharing responsibilities under the aegis of the Association as presently constituted is much more difficult. Doubts about the validity of the American nuclear umbrella persist. It is generally conceded that the U.S. would not directly intervene in land warfare unless there is an obvious linkage to its national interest which is today much more strictly circumscribed than in pre-Vietnam War days. However, military assistance and training as well as the strategic use of its navy and air force capabilities still continue to be a sufficient deterrent against external aggression. The value of a sustained American military presence in the Pacific is an immutable fact.

Under the rubric of burden-sharing, ASEAN countries have opted for bilateral measures instead of alliance building. The U.S. has helped to bolster national defense resources and participated in joint training exercises and maneuvers. Although extra-regional use of more permanent base facilities are frowned upon, access to ports facing the Indian Ocean may eventually become necessary. For the U.S. to retain a strategy of imperial naval power, requiring maritime superiority, is beyond national means. Likewise, trusting the deterrent effects of superpower armament can only be tested when war appears imminent. In other words, Southeast Asian states may have to consider broader strategic linkages that are cost effective and less vulnerable than unilateral rearmament, and less limited than bilateral measures.¹⁸ Already opportunity would be the expansion of the Five Power Defense Arrangement by inviting Thailand to join. ANZUS could extend its collective machinery to interested non-members without projecting its stigma of superpower participation. Creation of a joint military commission to coordinate mutual Southeast Asian security would not detract from ASEAN's image nor from the non-aligned status of some countries.

A particular task for the member states of ASEAN could be to assume incremental control for the sea lanes of communication around their shores. Rudimentary tools for electronic surveillance may already be in use in some limited areas of the straits and the archipelago. Establishing a region-wide grid would be desirable, especially if air force reconnaissance could be included. Joint acquisition of costly weapon systems, standardization of purchases, agreements on local armaments production, and perhaps a regional war reserve contingency pool (already proposed but unlikely to be implemented), are just some possibilities for improving self-defense without converting ASEAN into

¹⁸A good regional security account is by Richard Armitage, "US Defense Policy for East Asia and the Pacific," in *Asia Pacific Defense Forum* (Summer 1983), pp. 29-32; also H. Indorf, "5 + 1 is the Formula for Southeast Asian Defense," *Far Eastern Economic Review*, 15 September 1983, pp. 28-29 with reference to the FPDA; "Leaky Naval Strategy," *New York Times*, 26 January 1983, and U.S. House Armed Services Committee, *Statement by the Hon. John F. Lehman, Secretary of the Navy* (Washington: 17 February 1983), p. 35.

an alliance. As ASEAN states contribute more purposefully to a more integrated Asian defense by commanding the capability to protect themselves and their near-environment, the Association will have added another dimension for greater regional resilience.

New Perspectives on Future American Support

The argument throughout this paper has been that both parties, the United States and ASEAN, could do more for each other by removing some of the existing obstacles to better relations. This poses the question, of course, whether a symbiotic relationship would be desirable. It is readily conceded that there are definite limits to cooperation between sovereign states beyond which no side would want to venture. Militating against a more prominent American presence would be image concerns of ASEAN and inherent strategic liabilities for Washington. Yet it is possible to envisage two general scenarios which could invite a deeper involvement of the United States with ASEAN that not merely represents an intensification of collaborative efforts currently underway.

One would be open hostility in which an extra-regional major power identifiably participates. Granting the ideological commitment of the Reagan Administration, an American response in some form would undoubtedly occur. Since Vietnam is still very much a part of the public memory, participation in land warfare remains unlikely beyond a limited number of advisers unless American installations became a direct target. Conversely, if ASEAN is able to settle the Kampuchean dispute with a consequent reduction in Soviet activities in the area, the incentives for a continuing American interest in the region could be further reduced, possibly with a diversion of funds to Hanoi.

This leaves the more optimistic opportunity for closer cooperation which most likely can be found in the wider world arena rather than in Southeast Asia itself. It will be recalled that although the United States has a positive perception of the value of ASEAN, the Association's contribution to solving universal problems remains minimal, as does the strategic estimate of the organization by Washington. This need not be a permanent state of affairs, yet translating the present status of respectability and promise into a significant tool for world influence, is not an imminent possibility. However, it remains within the realm of reality.

ASEAN possesses the aggregate potential in population, resources, location, and leadership commensurate with that of a major power. Maximizing these potentials requires vision, organizational cohesion, greater economic performance and, above all, time. A beginning can be made now. It may be reasonable to assume that ASEAN has the capability as a collective entity to

increasingly assist in the development of other areas or ideas, demonstrating a concern for universal issues. It would be in such an attempt that an appreciative American collaboration would be forthcoming. As was indicated earlier, the consequences of interdependence include a sharing of the responsibilities of global leadership. Washington is already consulting jointly with the EEC and Japan, and other states or group of states will become part of this exercise.

In its outward development, ASEAN could solicit the assistance of the United States for such projects as Pacific Basin cooperation, establishing a more productive relationship with the South Pacific island countries, or assisting the incipient regional organization endeavors in South Asia. ASEAN has seventeen years of experience in successful regional cooperation which could be utilized to build bridges to other areas of the world. The task of formulating a concept for ASEAN associate membership could include consideration of linking extra-regional nations to the Association. There remain the vast opportunities for constructing a more peaceful Southeast Asia. Perhaps the narrow focus on Kampuchea has unnecessarily detracted from the broader possibilities whether it be a refurbished ZOPFAN, or a littoral country conference on the South China Sea, or an international agreement on the control and exclusion of certain weapon systems from the area. Even the ASEAN Treaty of Amity and Cooperation could, almost eight years after its ratification, be more widely publicized for attracting additional signatories.

But intra-ASEAN development requires an equal share of attention if the objective is (as expressed by Manila dialogue participants) to induce greater political motivation in the American dialogue partner. The structural linkages to Washington need to be reviewed; there are too many duplicative committees which make the process cumbersome and achievements difficult. Providing ASEAN with a legal identity may create initial internal problems but the benefits accruing from such a conversion will outweigh the liabilities. An ASEAN economic mission, permanently located in one of the larger cities of the U.S., could possibly accomplish more to inform the American public than the various intergovernmental committees with strictly defined terms of reference. Finally, as the Reagan Administration is intent in transferring major tasks in economic assistance to the private sector, it would be advantageous to permit the largest joint organization, the ASEAN-U.S. Business Council, greater access to decision-making conferences of the governments.

U.S.-ASEAN relations, positive but minimal, are destined to decline further as the impact of current trends becomes more evident. But trends are reversible if their direction is perceived as detrimental to conscious planning. The most profound political transformations in Washington as well as in ASEAN capitals will be generational change in leadership. The effect of this change on ASEAN, and on future cooperation, is inestimable.

Indonesia: Law of the Sea and Foreign Policy Issues

Mark J. VALENCIA and
St. Munadjat DANUSAPUTRO

INTRODUCTION

The ocean is a natural geopolitical link among nations of East and West through their interactions and interdependent policies in such areas as fishing, shipping, hydrocarbon exploitation, naval maneuvers, and environmental pollution and protection. Within the last decade, increased marine awareness on the part of many of the world's developing nations has resulted in the widespread unilateral extensions of national jurisdictions up to 200 nautical miles or more from shore. This world sea enclosure movement has transferred one-third of former "high seas," and most known ocean resources and related activities, to the control of individual states. The historic United Nations Conference on the Law of the Sea, underway since 1973, has drawn to a close, and its Convention on the Law of the Sea (CLOS)¹ serves as a framework within which nations may carry out their ocean management rights and responsibilities.

In the Southeast Asian seas, all the coastal nations except China already have extended their maritime jurisdictions formally and unilaterally, leaving almost no marine area left unclaimed and many areas where claims overlap. Most of these coastal states are now engaged in a conscious effort to identify and pursue their national interests in the ocean arena, because for these developing nations, the new resources, activities, and concomitant responsibilities create new challenges and opportunities for national development. Yet na-

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¹United Nations Convention on the Law of the Sea, A/CONF.62/122 (October 1982).

tional management policies for these zones of extended jurisdiction may be developed and implemented with insufficient understanding and consideration of the transnational and interdependent character of the ocean environment and the resources and activities the ocean harbors and supports. The superimposition of a mosaic of national policies on transnational resources and activities creates possibilities for conflict and opportunities for cooperation.

The Program on Marine Environment and Extended Maritime Jurisdiction at the Environment and Policy Institute, the East-West Center, has focused five years of multinational, interdisciplinary research and workshops on these transnational resource management issues created or exacerbated by extended maritime jurisdiction. Based on the results of this Program, a series of papers on the foreign policy issues facing each Southeast Asian nation are now being prepared. This paper on Indonesia extracts or summarizes relevant sections of numerous Program publications which are cited at the beginning of each section.

INDONESIAN MARITIME CLAIMS AND BOUNDARIES

In 1960, on the basis of the 1957 Juanda declaration, Indonesia promulgated its archipelagic baselines which conform to the rules in the Convention on the Law of the Sea (CLOS) (Figure 1).² A 12 nautical mile (nm) territorial sea extends from the archipelagic baselines. In February, 1969 Indonesia proclaimed its continental shelf which became law in 1973. In March 1980, Indonesia declared a 200 nm Exclusive Economic Zone (EEZ). However, the precise dimensions of the Indonesian EEZ have not yet been defined. Indonesia has played a major role in promoting international marine boundary agreements, the bulk of them on the continental shelf (Figure 1b, Table 1). The simpler boundaries have now been drawn; those remaining present a variety of complexity (Figure 2).

In the spirit of Article 51 of the new Convention, Indonesia and Malaysia concluded a bilateral agreement as a formal recognition of Malaysia's traditional fishing rights (Figure 3). These rights pertain within Indonesia's archipelagic waters off Kepulauan Anambas but excluding areas within 12 nm limits of Pulau Domar, Pulau Mangka, Pulau Tokung Nanas, Pulau Tokong Belayar, Pulau Penjalin, Pulau Selai, Pulau Ninsa, Pulau Airabu, Pulau Rantau, Pulau Bawah, Pulau Repong, and Tokong Malangbiru. Malaysian fishermen also have direct access to Indonesia's EEZ in an area off the Anambas

²Unless otherwise noted, the material in this section is derived from J.R.V. Prescott, "Maritime Jurisdiction in Southeast Asia: A Commentary and Map," *East-West Environment and Policy Institute Research Report*, no. 2 (January, 1981).

Table 1

INDONESIA: AGREED MARITIME BOUNDARIES

Countries	Boundaries	Signature	Ratification
Indonesia-Malaysia	Continental Shelf	27 October 1969	7 November 1969
Indonesia-Malaysia	Territorial Sea	17 March 1970	10 March 1971
Australia-Indonesia	Continental Shelf	18 April 1971	8 November 1973
Indonesia-Malaysia- Thailand	Continental Shelf	21 December 1971	16 July 1973
Australia-Indonesia	Continental Shelf	9 October 1972	8 November 1973
Australia-Indonesia	Continental Shelf	26 January 1973	8 November 1973
Indonesia-Singapore	Territorial Sea	25 May 1973	3 December 1973 (Indonesia) 29 August 1974 (Singapore)
India-Indonesia	Continental Shelf	8 August 1974	17 December 1974
India-Indonesia	Continental Shelf	14 January 1977	15 August 1977
India-Indonesia- Thailand	Continental Shelf	22 June 1978	2 March 1979
Indonesia-Papua New Guinea	Maritime Boundary	May 1980	May 1980
Australia-Indonesia	Fishing Zone	29 October 1981	
Indonesia-Malaysia	Fishing Zones and Sealanes	25 February 1982	25 February 1983

bounded by: 4°40'E, 105°06'N to the northwest, 4°40'N, 197°20'E to the northeast, 2°20'N, 107°20'E to the southeast, and 2°20'N, and 105°06'E to the southwest (Figure 4). Although such rights "shall not be transferred to or shared by Malaysia with third States or their nationals," the text of article 51 is silent as to whether Indonesia could allow another party access to the same area.

Overlapping Claims

Natuna (Vietnam, Malaysia) (Figure 4)

Indonesia and Vietnam have overlapping continental shelf claims north of the Natuna Islands. The area originally disputed by South Vietnam and In-

Indonesia measured 11,170 nm² and was bounded on the south by a unilateral continental shelf claim made by South Vietnam on 6 June 1971, and an equidistance line between the Indonesian archipelagic baseline and Vietnam.

That (South) Vietnamese claim was roughly equidistant between the Vietnamese coast and the coast of Indonesia's Kalimantan and thus totally discounts Indonesia's Natuna Islands. The entire area between the two countries on the Sunda Shelf is less than 200 meters deep. The current Vietnamese government was using a derivative of the principle of prolongation of the continental margin in claiming that the boundary should be at the first marked depression on the shelf proceeding from Vietnamese territory. This depression happens to lie immediately north of Pulau Sipitung, the northernmost island in the Natuna group. Until this dispute is settled, the tripartite point between Malaysia, Vietnam, and Indonesia will be undefined.

Also the continuation of the boundary between Indonesia and Malaysia depends on who owns Amboyna Cay and Spratly Island. If Malaysia owned both, the boundary could be projected northward to intersect the line BC at some point and continued toward the line of equidistance stretching north-eastward from point C. If Malaysia owned only Amboyna Cay, an equidistant seabed boundary between Malaysia and Indonesia would continue eastward to link up with point B. In fact, Malaysia's unilateral boundary follows this general direction, but, because it passes north of point B, Malaysia is claiming areas of the seabed that are closer to Spratly Island than to any fragment of Malaysian territory, including Amboyna Cay. If Malaysia owned neither Spratly Island nor Amboyna Cay, an equidistant seabed boundary between Indonesia and Malaysia would link up with point A and pursue the line of equidistance eastward from this point.

North of Sarawak (Malaysia) (Figure 4)

When Indonesia and Malaysia agreed on boundaries separating their areas of seabed on October 1969, the boundary between Indonesia and Sarawak north of Tanjong Datu was divided by a line that increasingly diverged westward away from the line of equidistance, and terminated at a point that is further from Malaysia than either Amboyna Cay or Spratly Island. It might be considered necessary to draw territorial sea and EEZ boundaries between Indonesia and Malaysia north of Tanjong Datu. There would be two difficulties. First, Malaysia appears to have drawn its territorial seas from baselines which have never been proclaimed. Due east of Tanjong Datu, the inferred Malaysian baseline proceeds directly to Tanjong Sipang. There is no obvious justification for this line. It does not follow an equidistant course, but occupies a

location which favours Malaysia. Also the coast is not deeply indented, nor is it fringed with islands in the immediate vicinity. Reliance on that baseline would distort any line of equidistance separating territorial seas or EEZs in Malaysia's favour.

The second difficulty arises from that fact that the EEZ is claimed on a different basis than the seabed. It is therefore possible for Indonesia to argue for an EEZ boundary coincident with an equidistant position. If Indonesia were successful, Indonesia would acquire economic rights to resources in waters overlying Malaysian seabed north of Sarawak.

Sulawesi (Malaysia) (Figure 5)

Malaysia has claimed territorial seas and a section of the continental shelf which extends across a line of equidistance with Indonesia.³ Malaysia has unilaterally drawn the common territorial sea boundary as a line which bisects the angle formed by Indonesia's archipelagic baseline and Malaysia's inferred baseline. Such a line totally ignores Batuan Unarang, a rock from which Indonesia is entitled to claim territorial seas. The inferred baseline, which links Malaysian territory on Sebatik Island with Pulau Sipadan does not connect islands fringing the coast nor does it enclose a coast which is deeply indented. It deviates appreciably from the general direction of the coast. There is a length of the boundary claimed by Malaysia which closely follows an equidistant course, but it extends too far to the Southeast discounting Pulau Maratua, a feature forming part of Indonesia's archipelagic baseline.

Miangas (Philippines) (Figure 6)

There is a problem in this area because Indonesia owns Miangas Island formally called Palmas Island which lies within the treaty limits of the Philippines. The Philippines yielded sovereignty over the island itself to Indonesia and Indonesia uses the island as a base point in its archipelagic claims. If the Philippines' treaty limits were considered to be decisive, Indonesia's claims in the region could be restricted to territorial waters around Miangas Island. This would mean that the island and its territorial waters would form an enclave within the territorial waters of the Philippines. If the Indonesia baseline system were the decisive factor, it would be necessary to draw a maritime boundary somewhere between Miangas and Mindanao Islands.

³J.V.R. Prescott, "Maritime Jurisdictional Issues," in George Kent and Mark J. Valencia, eds., *Marine Policy in Southeast Asia* (Berkeley: University of California Press, 1984), forthcoming.

If a line of equidistance were drawn it would be related either to the baselines drawn by both countries or to the coastlines of each state. The line related to the baselines would be an uncomplicated boundary that would give Indonesia rights over about 6,200 nm² of ocean and seabed within the treaty limits of the Philippines. If the line of equidistance were related to the coasts of both countries, the area that falls to Indonesia is slightly reduced and the boundary less regular.

Arafura Sea/Christmas Island (Australia) (Figure 7)

In 1971 and 1972, Australia and Indonesia concluded treaties that established seabed boundaries that extend from Papua New Guinea in the east to the waters between Ashmore Island and Pulau Roti in the west. It was necessary to leave a gap in the boundary south of eastern Timor, which was then controlled by Portugal; eastern Timor is now part of Indonesia.

On the question of the seabed boundary south of eastern Timor, Australia argues that there are two continental margins between Timor and Australia. To the south there is the broad Australian margin and to the north there is the narrow Indonesian margin. Australia claims that the two margins are separated by the Timor Trough which descends to a depth of 1,700 fm. Indonesia makes the counterclaim that there is only a single continental margin between the two countries and that the Timor Trough is just a depression in this continuous feature. This same difference of opinion was resolved in 1972 when Australia and Indonesia agreed on a boundary that lay on the continental slope of the Australian margin. Indonesia has made it plain that such a compromise will not be satisfactory this time; it now seeks a boundary that would lie on the continental shelf of Australia.

West of Ashmore Reef it will be necessary to extend the seabed boundary westward toward the Indian Ocean. While both sides are in agreement that an equidistant line should be drawn, there is no agreement on which Australian base points should be used. Australia wants a line of equidistance related to all Australian offshore islands; Indonesia wants these islands to be discounted and the base points to be located on or close to the Australian mainland.

With respect to the seabed boundary between Christmas Island and Java, Australia may be prepared to agree to a line that followed the insular margin. However, Indonesia has questioned whether this island generates any rights to continental shelf resources because it lies within 200 nm of Indonesia and is comparatively remote from Australia. There may be mineral resources such as ferromanganese nodules or cobalt-rich ferromanganese crusts in the area.

Australia and Indonesia have recently agreed on a provisional fisheries surveillance and enforcement line through this region and the area south of Timor. While the agreement stipulates that this line is drawn without prejudice to the final line, it is very difficult for countries to regain waters which they have willingly placed under the administration of another country. However, fishing zones and continental shelves are claimed on different bases, and it is open to Australia to argue for a continental shelf boundary which lies north of the provisional fisheries line. In this case, Indonesian waters would overlie the Australian shelf and Indonesia could control drilling in its waters. The agreement on only a provisional fisheries line still leaves open the possibility for both parties to treat the four maritime boundary issues as a package.

Other Unresolved Boundaries (Figure 2)

With Indonesia's declaration of an EEZ, settlement will be required with the Trust Territory of the Pacific East of Halmahera and Kepulauan Talaud, and with the Philippines and Malaysia in the Celebes Sea region. There are two areas in the south, east, and west of Christmas Island where the Indonesian continental margin may extend more than 200 nm from the coast. The western section will probably be claimed exclusively by Indonesia. Australia's Cocos and Keeling Islands lie closer to the southern section of this continental extension than does Sumatra. The eastern section will be divided between Indonesia and Australia; it forms part of the very wide continental margin off northwest Australia.

Comments

Most of Indonesia's unresolved boundaries are complicated (Table 2).⁴ Three are relatively uncomplicated if considered by themselves: Australia-Indonesia (north of Christmas Island), the Indonesia-Singapore territorial sea boundaries, and the Indonesia-Philippines boundaries. The Australia-Indonesia EEZ boundary north of Christmas Island should be considered together with those south of Timor and west of Ashmore reef. Resolution of these boundaries is perhaps not urgent as the political circumstances are not difficult. Claims to territory figure in the Singapore-Malaysia-Indonesia dispute near Horsburgh Light while questionable baselines are a major factor in the Indonesia-Malaysia boundary questions in the South China and Celebes Seas. Historical attitudes complicate the boundary segments between Indonesia and the Philippines and between Australia and Indonesia north of Christmas Island.

⁴Prescott, "Maritime Jurisdiction in Southeast Asia."

Table 2

BOUNDARIES REQUIRING INTERNATIONAL AGREEMENT (Classified by Complexity)

COUNTRIES

COUNTRIES	Territorial Sea	Contiguous Zone	Exclusive Economic Zone	Continental Shelf	Poor Relations	Conflicting Claims to Territory	Domestic Problems	Questionable Baselines	Historical Attitudes	Continuation of Previous Boundary	Nature of Island or Rocks	Location of Islands	Geographical Disadvantage	Nature of the Seabed	Disparity in Wealth	High or Unknown Economic Potential
Indonesia-Vietnam			• 230	• 230				(2)				•				•
Indonesia-Malaysia	• 12		• 202	•				•		•						
Indonesia-Malaysia, in Celebes Sea	• 18		• 118	• 118				•			•	•				
Australia-Indonesia, south of Timor				136/ 237						•				•		•
Australia-Indonesia, west of Ashmore Reef				• 280								•		•		
Singapore-Malaysia and Indonesia near Horsburgh Light	•					•										
Indonesia-Singapore	• 6															
Indonesia-Philippines			• 605	• 605												
Australia-Indonesia, north of Christmas Island	(7)		• 420													

Complicated

Uncomplicated

In the Natuna issue, the Vietnamese claim totally discounts Indonesia's Natuna Islands. The Vietnamese case seems to be very weak and designed to prevent or intimidate exploration and exploitation there. It is a remarkable measure of Indonesia's reasonableness in the question of maritime matters that it is prepared to discuss it. There seems to be an excellent chance that this dispute will be resolved although the timing of Vietnam's positive posture appears to be related to the Kampuchean situation.

States might seek to modify perceived adverse effects of fixed maritime boundaries by reaching understandings about the operation of rules. For example, in 1974 the Australian and Indonesian governments produced a memorandum of understanding regarding the operation of Indonesian traditional fishermen in areas of the Australian fishing zone and seabed. By this memorandum those Indonesian fishermen who had traditionally taken fish and sedentary organisms from the Australian waters and seabed according to methods in use for decades are permitted to continue this activity in specified areas. On 25 February 1982, Malaysia and Indonesia reached agreement on Malaysia's transit rights through Indonesian archipelagic waters which lie athwart the direct course from the Malaysian peninsula to Sarawak as well as Malaysian access to Indonesian archipelagic and/or EEZ waters for traditional fishing. Joint zones may also be used to solve some of the more difficult problems.

OIL AND GAS IN AREAS CLAIMED BY MORE THAN ONE COUNTRY

Arafura Sea (Figure 9)

In the area between Indonesia and Australia there are four major basins of interest.⁵ These are from southwest to northeast, the Browse, Bonaparte Gulf, Timor, and Arafura (or Sahul) basins. These basins are all aligned northeast-southwest and contain at least 5 kilometers of sediments at their core. About two-thirds of the Browse basin is under water greater than 200 meters; a three kilometer thick sediment pod to the west is in waters deeper than 1,500 meters. However, Ashmore, Cartier, and Browse islands, and Scott reef offer convenient drilling platforms. Most of the Timor basin is under water depths greater than 200 meters; part of its core is under more than 1,500 meters of water. The Arafura basin also lies in waters between 200 meters and

⁵Unless otherwise noted, the material in this section is drawn from Mark J. Valencia, "Oil and Gas Potential, Overlapping Claims and Political Relations" in George Kent and Mark J. Valencia, eds., *Marine Policy in Southeast Asia* (Berkeley: University of California Press, 1984, forthcoming).

1,500 meters deep. In contrast, the Bonaparte Gulf basin is almost entirely within the 200 meter water depth.

The Bonaparte Gulf Paleozoic basin is buried beneath Mesozoic and Cenozoic sediments. Areas of shoal water at the shelf edge mark uplift of the underlying basement. In the Timor Sea, the surface of the shelf is warped down into the Timor Trough and its eastern extensions; northeast of Australia the shelf is continuous with that of New Guinea.

The significant gas discoveries, Petrel 1, Tern 1, and Penguin 1 were made in the early 1970s in the salt dome province of the Bonaparte Gulf basin. The largest structure, Petrel, stretches across the permits operated by Aquitaine and Lennard Oil; the reserves were thought to be large enough to warrant appraisal drilling. In 1974 Troubador 1 yielded 9.84 million cubic feet of gas per day and Puffin 2 flowed oil at 2,700 BOPD from Jurassic sandstone.

In the Browse basin, Scott Reef 1 was drilled in 1971 in the lagoon of Scott Reef Atoll on a large anticline and discovered gas in Lower to Middle Jurassic and Upper Triassic sandstones and carbonates. In 1973 the BOC group drilled two wildcats in the Browse basin; log analysis of one indicated several thin hydrocarbon-bearing sands but poor reservoir characteristics. In the fall of 1980 Woodside Petroleum's Brecknock 1 on the Scott Reef trend in 544 meters of water confirmed Browse basin as a gas-bearing province. This was the world's deepest water production test at that time. In 1980 Buffon 1 was drilled in 720 meters of water in the northern part of the basin with good gas shows. In June 1982, the Woodside group reported a gas discovery in North Scott Reef 1, with a flow of 26 to 45 million cubic feet per day.

Then in December 1983 was announced the most significant find in Australia since the Bass Strait-Jabiru 1A in the Timor Sea (Vulcan subbasin of the Browse basin).⁶ Test flows reached 7,500 BOPD and preliminary recoverable reserve estimates are at least 200 million barrels. The reservoir is thought to be Jurassic in age, possibly equivalent to the gas-bearing formations in the Scott Reef area. The structure of interest is known as Kelp. Its oil reserves are estimated to range from 500 million to 5 billion barrels and 50 TCF of gas. Little is known of the petroleum potential of the Timor basin; it is considered poor, yet part is included in the overlapping claim area.

In the Arafura basin, the structural closure is divided about 1/3-2/3 in Australia's favour by the agreed continental shelf boundary. An equidistant line would reverse these proportions. Magnet was awarded a contract by Aus-

⁶*Oil and Gas Journal* (19 December 1983), p. 111; *Petroleum News* (December 1983) supplement; M. Richardson, "Timor Gap Rift Remains," *Far Eastern Economic Review* (19 April 1984), pp. 40-42.

tralia in 1979 which extends across an equidistance line to the agreed shelf boundary. It is the only concession in the basin and there has been no drilling.

The "Timor Gap" presents a problem because it includes two prospective basins: Timor and Bonaparte Gulf. The equidistance line would cut the core of the Bonaparte Gulf basin's closure in a 2/3-1/3 proportion in favour of Australia. A continuation of the agreed continental shelf boundaries to close the "Timor Gap" would place the entire Bonaparte Gulf basin in Australian jurisdiction. Several holders of Australian contracts have acreage beyond the equidistance line: Trincetrol (awarded in 1980), WP11 and MES/WAP in the Western Australian portion. The WP11 and the Aquitaine acreages extend to the hypothetical connection across the "gap" and lap over into the Timor basin.

The Timor basin would be completely within the Indonesia "shelf" if the equidistance line were to become the agreed boundary. If the middle of the Australian margin is used as a guide to complete the "gap," a portion of the core of the basin would go to Australia; Australia has already leased some of this portion for exploration. Former Portuguese Timor had leased the area extending to the hypothetical "gap" connection and thus the bulk of the basin to Oceanic.

The most important area in the Browse basin is that west of the western terminus of the 1972 agreed boundary at point A25 south of Pulau Roti, and directly north of Ashmore Island. If the boundary becomes the equidistance line taking all islands into account, Australia gets the entire basin. If the boundary becomes the equidistance line which discounts the islands, then the northern third of the basin would fall under Indonesian jurisdiction, including the Swan 2 gas discovery and the Puffin oil discovery. Jabiru 1A is located very near to the equidistant line discounting all islands. If the Provisional Fisheries Surveillance and Enforcement Line becomes the shelf boundary, Australia would get the bulk of the basin including the oil and gas discoveries and Ashmore Island. Australia has let contracts in the area. The American Cities Service Company acreage is the site of the discoveries; their acreage extends beyond both the equidistance line discounting islands and the Fisheries Line. AR/Weeks (BHP) holds acreage extending north of the Cities area to the agreed shelf boundary. Companies holding acreage extending north of the equidistance line discounting islands include WP11, Ferrova, WP/BP11 and WP/BP2.

Natuna (Figure 10)

The disputed area includes in the west, the northeastern West Natuna Basin, in the north, the Khorat subbasin, in the center, the extension of the

Natuna Arch, and in the east much of the "South China Sea Block A, Eastern Part." Contract holders in the area include Gulf and Marathon (Block A), Marathon (Block B), and Amoseas (Block C). Mobil, Esso and Total hold D blocks immediately south of the disputed area. The portion of the north-eastern West Natuna Basin includes a small part of a three second core and another three second thick sediment pod aligned northeast-southeast; both have been drilled once with dry holes. In April 1982, Sumatra Gulf Oil reported a significant discovery of high-gravity, clean oil in its Anoa-1 well in Block A, flowing at 4,300 BOPD and 1.7 million cubic feet per day of gas. The central portion of the disputed area is an extension of the nose of the Natuna Arch where sediment thicknesses are about one second, and thus, unprospective. However, thicknesses increase to two seconds across the arch in the northern part of the disputed area, offering some possibilities.

The South Vietnamese boundary claim line ran east-west across the middle of this basement high. The new Vietnamese government tried to apply the "thalweg" principle (the boundary follows the deepest part of the river bed) to the area, claiming a trench just north of the Anambas and Natunas as the boundary. However, this application was subsequently dropped. The "South China Sea Block A, Eastern Part" is a transition zone between the Saigon Basin and the Outer Basinal Area. Sediments generally thicken eastwards without large closure.

Six dry holes have been drilled in the disputed area, contrasting with the Dua and other discoveries north of the Indonesian claim line. The AGIP AL-XI gas discovery, approximately 250 kilometers north-northeast of Natuna Island, near the northern limit of the thick pod of Plio-Pleistocene sediments referred to as "Outer Basinal Area," reported gas-in-place of 130 to 140 trillion cubic feet, of which 80 per cent is said to consist of inerts, leaving 28 trillion cubic feet. In late 1981, Conoco and Pertamina announced the discovery of "highly significant" natural gas in its Tembang-1 well in 85 meters of water, flowing at 325 million cubic feet per day; the well is apparently located in the disputed area.

Thus the disputed area is divided east-west in terms of hydrocarbon potential into two geologically distinct, unproven, relatively unknown but prospective basinal extensions separated by an unprospective basement high. The eastern area appears gas prone whereas the west appears oil prone. A portion of the "South China Sea Block A Eastern Part" might also be claimed by Malaysia. During negotiations between Vietnam and Indonesia it was supposedly proposed that Indonesia have jurisdiction over the West Natuna basin where American oil companies have been exploring for and are now developing known gas reserves, and that Vietnam would obtain the northeastern por-

tion of the overlap (the South China Sea Block A Eastern Part) which would bolster its claim to the Spratly Islands, *via-a-vis* that of China and the Philippines.

However, Vietnam protested strongly when Indonesia allowed Esso Exploration to take over the AGIP concession, and on 29 November 1979 issued a statement regretting Pertamina's invitation for exploration bids in Natuna Blocks A, B, C, and D-1 to D-6 in the disputed area and warning that "foreign companies should pay attention to this matter and should not conduct survey and exploration operations in the disputed area without Vietnam's consent. Any corporation which disregards Vietnam's interests must be held responsible for the consequences arising from its act."⁷ As of December 1981, three American oil companies -- Amoseas, Gulf and Marathon, were exploring in the disputed area under production -- sharing contracts with Pertamina. The generally good relations between Indonesia and Vietnam provide a positive context for resolution of the dispute, although the pace of negotiations appears to vary with ASEAN-Vietnamese relations and the Kampuchean question.

Sulawesi Sea; Indonesia/Malaysia and Indonesia/Philippines (Figure 11)

In the west, the Malaysian continental shelf claim encloses the margin of the onshore/offshore petroliferous Tarakan basin and cuts completely in half the closure of a two-kilometer thick offshore sediment pod extending to the southeast. Indonesia had let an offshore production-sharing contract to Total extending northward to the Malaysian continental shelf claim. However, an equidistance line between Indonesia's archipelagic baselines and Malaysian territory would allot more of this petroliferous basin to Indonesia and more of the sediment pod to the Philippines. Any dispute in the near future is likely to focus on the nearshore edge of this petroliferous basin as the sediment pod lies under waters much more than 1,500 meters deep. The channel in which the islands are located is believed to have hydrocarbon potential, although deep waters would make drilling difficult.

In the east, in the Davao Gulf, the elongate, five-kilometer thick Davao Basin extends southeast from land offshore across the narrow continental shelf and mostly under waters deeper than 1,500 meters. The entire basin is almost completely encompassed by the Philippine treaty line; its southernmost deep-water portion is enclosed by Indonesian archipelagic baselines. A line of equidistance between the two countries' baselines would divide the basin with

⁷Foreign Broadcast Information Service, S.R.V. Foreign Ministry Statement on Shelf Dispute with Indonesia (November, 1979), GSO500, *Interasian Affairs*, p. 41.

about 1/4 going to Indonesia and 3/4 to the Philippines, including the core of the closure. However, the basin's petroleum potential is generally unknown and the area in dispute is all well beyond the present depth of exploitation.

Comments

The degree of knowledge of deposits in disputed areas is important in settling boundaries. Technical experts from the countries concerned could convene to consider arrangements and procedures for offshore exploration that could be put into place prior to settlement of boundaries. To obtain the necessary information or to further interest industry in the area despite the overlapping claims, Indonesia might consider allowing the companies to hold on to areas longer in deep water where offshore gas resources have been discovered but which are not currently economic to develop and produce at present oil prices and costs of capital.

The establishment of joint development zones where countries set aside the boundary question and share jointly in the costs and benefits of exploration and production is a means of settling offshore boundary disputes and there is a precedent in the region. On February 21, 1979, Thailand and Malaysia agreed to create such a joint zone. Vietnam and Kampuchea have established joint historical waters and agreed to develop natural resources within them by agreement. The Convention does provide that pending agreement on the delineation of the continental shelf/or EEZ boundary, "the states concerned, in a spirit of understanding and cooperation, shall make every effort to enter into provisional arrangements of a practical nature and, during this transitional period, not to jeopardize or hamper the reaching of the final agreement ..."⁸ Perhaps the main stimulus for a state's opting for a joint undertaking, assuming bona-fide claims of all parties, would be a sense of urgency or obligation to protect its interests in potential oil and gas deposits combined with a desire to maintain good relations with the other state.

NAVIGATION

The geography of the Southeast Asian maritime region is such that all maritime traffic between the Indian and Pacific Oceans must pass somewhere through waters under Indonesia's jurisdiction. The shorter of the two major thoroughfares follows the Malacca and Singapore Straits into and through the South China Sea. An alternate route, used almost exclusively by the largest fully loaded tankers bound from the Arabian Gulf to Japan, and by ore car-

⁸United Nations, A/CONF.62/122, Article 83(3).

riers from western Australia, lies through the Lombok Strait, Makassar Strait, the Celebes Sea, and south of Mindanao out into the Pacific to Japan.

Eastbound tanker traffic proceeding through the Malacca and Singapore Straits is for the most part loaded with crude petroleum from the Arabian Gulf area, although some originates in Malaysian west coast ports or Indonesian ports on the northeast coast of Sumatra.⁹ Most continue on through the South China Sea to Japan, although some are destined for the Singapore refineries. Some refined products move from Singapore to other nations in Southeast Asia, but the quantities are small compared to the volume of crude traffic. South and westbound traffic either carries refined products or is in ballast.

The physical restrictions imposed by the less than 23 meters (75 feet) channel depths in the Straits, and the safety limitation of a 3.5 meter under-keel clearance added by the three coastal states, effectively preclude the use of this route by tankers of more than 200,000 dwt, which commonly have a fully laden draft of 19 meters (62 feet) or more. The alternate route for these VLCC's is through the deep (150 meters) and wide (12.5 nm minimum) waters of Lombok and Makassar Straits and the Celebes Sea south of Mindanao. The return south/westbound voyage by even the largest ULCC, in ballast with a much reduced draft, is possible through the Singapore and Malacca Straits.

The relative significance of the two routes is readily apparent in Figure 11 showing tanker traffic flow through the region. The Malacca-Singapore Straits, greatly preferred because of the shorter distance involved, is used by 72 per cent of the eastbound, loaded tankers, while the Lombok-Makassar Straits is used by only 28 per cent. In deadweight tonnage, however, the volume of traffic is almost equal, with 52 per cent moving through the Malacca-Singapore Straits and 48 per cent (mostly those greater than 200,000 dwt) following the Lombok-Makassar Straits route.

The two principal hazards related to tanker traffic are the potentials for collision, highest in the congested Malacca-Singapore Straits area, and for pollution resulting from such collisions, and groundings as well as from discharges from tank cleaning, leaks, or human error. With far fewer but individually much larger tankers passing through the Lombok and Makassar Straits, the pollution potential for each incident is greater in that area.

Many of the marine resources targeted for protection in Indonesia are already under stress from sources other than ship-generated pollution. There

⁹This material is from Hal F. Olson and Joseph R. Morgan, "Shipping" in Joseph R. Morgan and Mark J. Valencia, eds., *Atlas for Marine Policy in Southeast Asian Seas* (Berkeley: University of California Press, 1983), p. 93.

have been several minor ship-generated spills in Indonesia in recent years, and rerouting of VLCCs from the Malacca Strait may result in an increase of such vessels in other Indonesian waters. Environmental protection regulations could affect entry and routing of vessels in waters under Indonesian jurisdiction. According to CLOS, sealanes must be designated, safety schemes implemented, and navigational hazards publicized.¹⁰ A review of the state of coastal zone resources, including specific areas recommended for conservation/preservation, could serve as a guide to national and extranational planners designing routes and frequencies of vessels carrying potential pollutants within Indonesian waters.

Sealanes may include all normal passage routes used for international navigation.¹¹ Major traditional routes for tankers in Indonesian waters include: the Malacca-Singapore Straits, the Karimata Strait and the Java Sea, the Lombok-Makassar Straits, the Sulawesi Sea, and the Sibutu Passage approach. Each of these routes passes near valuable and vulnerable resources and occasionally by priority areas for protection and management (Figure 12).¹² The Malacca-Singapore Straits route passes by areas of very high ($> 1,000 \text{ kg/km}^2$) fisheries catch, extensive mangroves, marine reserves, and priority areas for protection and management at Pulau Perak and in the Riau Archipelago. Parts of these waters and resources are owned by two other countries-Malaysia, and Singapore. The Karimata Strait route passes coral reefs and sea turtle nesting sites on Biliton and extensive mangrove forests on Kalimantan.

The Java Sea portion passes through areas of high fishing intensity ($100\text{--}999.9 \text{ kg/km}^2$) and by isolated, pristine coral reefs on offshore islands, some sea turtle nesting sites along north Java and priority areas for protection and management at the northeastern tip of Java and on the northern and western coasts of Bali. The Lombok-Makassar Straits route passes first near an area of high fish catch and a priority area off southern Java and a priority area on southern Sumba, and then between Bali and Lombok with several marine reserves along the coast.

Along the Makassar Strait portion is an area of high fish catch, extensive mangrove forest on Kalimantan, and coral reefs and marine reserves on both sides of the Strait. Oil spilled along the Celebes Sea route could impact the northern coast of the Minahasa Peninsula which is in its entirety a priority area

¹⁰United Nations, A/CONF.62/122.

¹¹*Ibid.*, Article 53.1

¹²Alan White, "Valuable and Vulnerable Marine Resources," in Joseph R. Morgan and Mark J. Valencia, eds., *Atlas for Marine Policy in Southeast Asian Seas* (Berkeley: University of California Press, 1983).

for protection and management with its reefs, turtle nesting areas and marine reserves. The Pacific exit of the route south of Mindanao passes through an area of high fish catch in both Philippine and Indonesian claimed waters as well as near archipelagoes with pristine reefs and turtle nesting areas. Oil spilled along the approach to Sibutu Passage could impact extensive mangrove tracts in Kalimantan and northeastern Sabah, Malaysia, as well as priority area in Philippine waters enclosing an area of high fish catch, turtle nesting sites and reefs. Routes through the Sunda Strait and the eastern archipelago, while not likely to be used by large tankers, pass by or through several priority areas for protection and management.

FISHERIES

Fishing Patterns (Figure 13)

Heavy fishing activities (100-999.9 kg/km²) exist in the northern and southern Malacca Strait, around the southern Sulawesi Sea and in the central and southeastern Makassar Strait, in the Bali Strait, along the north coast of Java, around the Riau and Lingga Archipelagoes off eastern Sumatra, and off northwest Sumatra.¹³

Moderate fishing activities (10.0-99.9 kg/km²) exist along the southwest coast of Sumatra and around the Mentawai Islands, along southern Java and eastward through the waters of Nusa Tenggara to Timor, over much of the eastern and southern Sunda Shelf, in Karimata Strait, the northern Java Sea and in much of the Makassar Strait, and around most of the major island areas of eastern Indonesia and in the Arafura Sea.

Areas of light to very light fishing intensity (0-9.9 kg/km²) are primarily confined to the waters of the remote, lightly populated areas of the region such as the north coast of Irian Jaya and around some of the small islands of eastern Indonesia, and to some of the deep-water areas of the region such as off the west coast of Sumatra, and in the Banda Sea.

Indonesia now has full responsibility for the management of fisheries in its archipelagic waters and the full suite of extended jurisdictional zones. The major issues for which action needs to be considered are:

¹³Unless otherwise indicated, this material comes from Ronald Weidenbach, "Fisheries" in Joseph R. Morgan and Mark J. Valencia, eds., *Atlas for Marine Policy in Southeast Asian Seas* (Berkeley: University of California Press, 1983)

1. *Resource Ownership* (Figure 14)

Heavily fished areas claimed by other countries besides Indonesia are the area west of Natuna (Vietnam and Indonesia), the area north of Tanjong Datu (Indonesia and Malaysia), and the Miangas area (Indonesia and the Philippines). Some other areas in dispute presently experience only moderate to very light fishing such as the area east of Natuna (Indonesia and Vietnam, and Indonesia and Malaysia), the Sulawesi Sea (Malaysia, the Philippines and Indonesia), and the Arafura Sea and Christmas Island (Indonesia and Australia).

An area of very heavy fishing divided by an agreed boundary line is the central Malacca Strait (Malaysia and Indonesia). Areas of heavy fishing that have been divided include the northern Malacca Strait (Malaysia and Indonesia) and the southern Malacca Strait (Singapore, Malaysia and Indonesia).

2. *Shared and Migratory Stocks*

Figure 15 indicates the pattern of shared and migratory stocks of relevance to Indonesia. In the South China Sea, mackerels and round scads of East Malaysia are shared with Indonesia. In the Malacca Strait, Indonesia's mackerels, round scads and sardines are mixed with those of Thailand and Peninsular Malaysia. In the Arafura Sea, Indonesia shares most species with Australia and Papua New Guinea. In the Andaman Sea, Indonesia shares pelagic species with India. In the Pacific Ocean, Indonesia shares pelagic species with Papua New Guinea.

As Figure 15 indicates, tuna migrate between Indonesia's EEZ and those of the Philippines and Australia. Tuna caught in neighbouring countries' waters tend to be immature, which may reduce the available catch elsewhere over their range. Appropriate management arrangements should be worked out with other states concerned with these stocks.¹⁴

3. *Access Questions*

Figure 16 shows the oceanic catch and the countries fishing in the region. Those countries fishing in areas now claimed by Indonesia may seek continued access. This includes prominently Japan, Korea and Taiwan. The rights of states other than the coastal state to fish in the EEZ are indicated in Articles 61, 62, 69, 70 and 71.¹⁵ Under Article 69 of CLOS, Laos, the only landlocked

¹⁴United Nations, A/CONF.62/122, Article 64.

¹⁵*Ibid.*, Articles 61, 62, 69, 70 and 71.

state in Southeast Asia could claim a special right to fish in the South China Sea, despite the fact that all of it is claimed by the coastal states. Article 70 on states with special geographical characteristics may be interpreted as applying to Cambodia, Brunei, Singapore and Thailand, all of which are zone-locked. On the basis of this Article, all might claim special rights off access to the waters of Indonesia.

The exact terms of access would have to be worked out by agreement among the concerned countries. However, it is certainly arguable that Indonesia is "overwhelmingly dependent" on its EEZ fishery resources and thus according to Article 71, the provisions of Article 69 and 70 would not apply. Article 51 provides that archipelagic states "shall respect existing agreements with other States and shall recognize traditional fishing rights and other legitimate activities of the immediately adjacent neighbouring States in certain areas falling within archipelagic waters."¹⁶ Such fishing rights must be worked out with India, Thailand, Malaysia, Singapore, the Philippines, Papua New Guinea, Australia, and possibly with Vietnam and the Republic of Belau which with extended jurisdiction are now immediately adjacent States. The traditional rights for Malaysia in the Natuna salient were solved by the Jakarta Treaty between the two countries. There remains a question as to whether "traditional fishing rights" means the traditional right to fish in any amount by modern means or the right to fish in traditional places using traditional means and taking traditional species in traditional (small) amounts.

4. *Surveillance, Monitoring and Control*

The surveillance and enforcement of extended maritime jurisdictions are important for protection from foreign poaching but it can also be used to help assure that Indonesian fishermen themselves comply with fisheries regulations. Many different configurations of arrangements are possible for surveillance and enforcement, but many are very costly, perhaps US\$100 million over 10 years. The difficult policy question is to determine what levels of surveillance and of enforcement would be optimal in terms of the costs and benefits involved. Benefits can be derived in other sectors as well, such as reduced insurance premiums for rigs and prevention of smuggling and piracy.

5. *Environmental Protection*

Environmental problems of concern for fisheries fall into three interrelated categories: (1) the prevention of pollution which may affect the health of fish stocks; (2) the protection of habitats for spawning and mature fish; and (3) the conservation of fishery resources. CLOS Article 61 calls for proper conserva-

¹⁶*Ibid.*, Article 51.

tion and management in the EEZ to ensure that the maintenance of the living resources in the exclusive economic zone is not endangered by over-exploitation. Articles 63 and 64 say that coastal states have a responsibility for the conservation of shared and migratory stocks. Articles 117, 118 and 119 describe the responsibilities of all states for the conservation of living resources of the high seas.¹⁷

Overfishing has been a significant problem in Indonesia, but primarily in the country's archipelagic and territorial waters, and thus the conservation articles have little foreign policy import at present. For example, demersal fishing intensity has been high in many coastal areas. Coastal pelagic fishing intensity is high for chub mackerels, round scads and anchovies around southern Sulawesi, north Java and northwest Sumatra; for chub mackerels and anchovies around south central Sumatra and northwest Java; for anchovies in western Java; and for round scads and anchovies in northern Sulawesi (Figure 19).

VULNERABLE MARINE RESOURCES AND POLLUTION

Valuable and Vulnerable Resources

Coasts of particular estuarine dominance include the low, northeastern coast of Sumatra, south and eastern Kalimantan, scattered areas in Java and Sulawesi, and southern Irian Jaya.¹⁸ A large estuarine system is found in the delta of the Kapuas river system. The largest concentration of mangrove forest remaining in Southeast Asia is in Indonesia with an estimated 3.6 million hectares; three-quarters occurs in Irian Jaya and Sumatra. The most extensive coral reef area in Southeast Asia is in Indonesia, reflecting its 81,000 km coastline in 13,662 islands. The primary large sand beaches of the region occur on coasts exposed to wave energy, such as the south-facing coasts of the Sunda Archipelago.

Important confirmed sites of sea turtle nesting include the southern coasts of Sumatra and Java, and islands in eastern Indonesia, and northern Irian Jaya. Three species of crocodiles are known in the region. Although all species have been drastically reduced in recent years, sightings have been reported in Flores and Timor, the Moluccas, and the Kai and Aru Islands. Colonies of oceanic seabirds are scattered throughout the region, primarily on smaller

¹⁷*Ibid.*, Articles 61, 63, 64, 117, 118, 119.

¹⁸Unless otherwise indicated, this material is from Alan White, "Valuable and Vulnerable Marine Resources," in Joseph R. Morgan and Mark J. Valencia, eds., *Atlas for Marine Policy in Southeast Asian Seas* (Berkeley: University of California Press, 1983).

islands away from the presence of humans. Important sites occur in the Java and Banda Seas.

The only inshore mammal occurring in the region is the Dugong. There is little information on their present population numbers, although known healthy populations still occur in Indonesia, particularly in the Aru Archipelago where there is a fishery for about 1,000 Dugong annually. There is a high diversity of whales (11 species) and dolphins (24 species) in the region. Most sightings are in southern Indonesia and localized near channels between major islands where the animals are concentrated after emerging from larger bodies of water. Whale migratory routes exist from the Indian Ocean through Indonesian archipelagic waters near Seram and Halmahera into the Pacific, and from the Pacific past Halmahera, Timor, Flores, and to Australia. Indonesia is considering protecting the whale and dolphin; the travel paths also need protection.

Indonesia has the most marine reserves in the region. A concentration of marine reserves is evident around Jakarta, in western Java and along the south Java coast extending to Bali. Other such areas in Indonesia are scattered except for those sites around Ambon.

Tarballs have been reported south of Sumatra and Java, and particularly in the southern Sunda Archipelago. High hydrocarbon content is often evident near oil ports, some shipping routes, and at various locations along the coasts of Sumatra and Java. Important straits where oil tankers navigate include Malacca, Lombok and Makassar. During the northeast monsoon, oil spilled off the east coast of peninsular Malaysia could enter Indonesian waters. There are high concentrations of industrial activity on Java and little industrial activity in eastern Indonesia. The high population density of the northern part of the island of Java contributes untreated sewage and waste to the severely polluted nearshore waters. Accelerated deposition of sediments in Indonesian coastal waters is evident along the densely populated areas of Java and Madura. In the coastal waters of Sumatra and Kalimantan, sedimentation has increased recently due to commercial timber operations. Dredging and suction boat operations have made waters turbid around Bangka and Belitung Islands.

Areas of Concern and of Priority for Protection (Figure 12)

Conflicts are most evident around Belitung and Bangka Islands, the north coast of Java, parts of southern Sulawesi, and especially near areas of dense population where vulnerable resources still survive. Aggregations of priority sites for management occur in Kepulauan Mentawai, parts of the eastern Sunda Archipelago, Kepulauan Aru, and parts of southern Irian Jaya, along northwestern Irian Jaya and offshore islands, parts of Seram, Halmahera and northern Sulawesi, and selected islands in the Sulu Sea.

Some examples of possible reserve sites include:

1. The Aru Archipelago in eastern Indonesia where four species of turtles nest and Dugong and crocodile populations survive in an environment of relatively pristine mangrove forests and some coral reefs; and
2. Recently formed Indonesian national parks -- Ujung Kulon in West Java, Baluran in East Java, Bali Barat in Bali, Komodo in Nusa Tenggara Province and Manusela in central Seram -- which include coastal areas with reef and mangrove habitat, some populations of sea turtles, Dugong, a few crocodiles, seabirds, and indigenous beach vegetation.

Transnational Environmental Issues

Indigenous vs. Extra-Regional Pollution

There is almost unanimous agreement among the States to deal with ex-vessel oil but not with the same pollutant from offshore exploration and exploitation.¹⁹ Offshore exploration/exploitation is a less important source of oil to the marine environment, it is a highly important indigenous activity to the countries, and concern with this pollutant source and its regulation varies widely. In contrast, tankers are the major oceanic source of oil in the marine environment of Southeast Asia, the bulk of oil carried in the region is that transiting it in ex-region flag vessels from the Middle East to Japan, and international standards do exist. But what of intraregional tanker traffic or that bound for ports in the region? Should different standards be developed for foreign flag tankers which are only transiting the region versus indigenous intraregional traffic?

Specially Protected Areas

CLOS provides that measures taken shall include those necessary to protect and preserve rare or fragile ecosystems as well as the habitat of depleted, threatened or endangered species.²⁰ The region harbors many such ecosystems and species. The designation of such areas could exclude or limit potentially polluting transnational activities including marine transportation of potential pollutants. Should such proposals be mooted and approved on a regional or subregional basis? What criteria should be used and what should be the balance between protection and use?

¹⁹This material is from Abu Bakar Jaafar and Mark J. Valencia, "Marine Pollution: National Responses and Transnational Issues" in George Kent and Mark J. Valencia, eds., *Marine Policy in Southeast Asia* (Berkeley: University of California Press, 1984 forthcoming).

²⁰United Nations, A/CONF.62/122, Article 194(5).

International Conventions

Indonesia has not joined many international conventions particularly for ship generated pollution, perhaps feeling that the cost imposed by implementation and enforcement of the regulations outweighs the benefits to be derived. With increasing economic development and concomitant marine environmental damage, is it now time for a separate or collective reexamination of the benefits and costs of each of the existing Conventions (Table 3)?

Table 3
IMPORTANT GLOBAL TREATIES DEALING WITH
SHIP-GENERATED MARINE POLLUTION AND THE MARINE ENVIRONMENT

Convention	Description
Convention on the Law of the Sea	Stipulates obligation of States to protect and preserve the marine environment. Also, various articles elaborating provisions for global and regional cooperation, technical assistance, monitoring and environmental assessment, international rules, and national legislation to prevent, reduce, and control pollution of the marine environment, enforcement, safeguards, and responsibility and liability.
1954 OILPOL and its 1962, 1969, 1971 Amandments	Provides for prevention of pollution of the sea by oil; will be replaced by MARPOL 1973.
MARPOL 1973 and its 1978 Protocol	Comprehensive attempt to control operational discharge from shipping; establishes operational discharge standards for all substances except radioactive materials and requires certain equipment to achieve them, e.g., segregated ballast, and record keeping and enforcement.
1969 Civil Liability Convention and its 1976 Protocol	Provides for liability of a ship owner for all pollution damage caused in the territory or in the territorial waters of another contracting state by oil which has escaped or has been discharged from his ship.
1971 Fund Convention and its 1976 Protocol	Provides for compensation for damages not compensated by Civil Liability Convention.
1972 London Dumping Convention and its 1978 Amendments	Prohibits discharge of oil within certain zones from ships over a certain size and completely for ships over 20,000 dead weight tons (DWT), and calls for waste reception facilities in ports and the installation of equipment to prevent operational pollution.
CL for Explore and Exploit 1977	Provides for civil liability for oil pollution damage resulting from the exploration and exploitation of submarine resources.
COLREGS 1972	Sets up a system for the establishment of obligatory traffic separation schemes and revises rules for safe navigation practices and navigational signals.
STWC 1978	Establishes standards of training.

Maritime Defense and Monitoring, Control and Surveillance

The small size of the modern Indonesian navy does not qualify it as a naval power of great consequence, but more important is whether or not the Indonesian fleet is capable of fulfilling its missions.²¹ These missions are likely to be:

- patrolling the archipelagic waters and EEZ to prevent illegal fishing and smuggling and to protect offshore oil installations (Figure 17);
- controlling the sea lanes and straits through Indonesian waters;
- assisting the small navies of Singapore and Malaysia to control the all important Malacca-Singapore Straits;
- contributing naval forces to an alliance of ASEAN forces in the event of a conflict with a common enemy; and
- social and political work.

Straits in whole or in part under Indonesian jurisdiction are important choke points (Figure 18). The most critical is the Malacca-Singapore route, used extensively by tankers carrying crude oil from the Middle East through the South China Sea to Japan. Interference with shipping in the Strait of Malacca could disrupt the free flow of trade not only to nations in Southeast Asia but to Japan and the United States as well. Tankers too large to safely navigate the Malacca-Singapore route use the Lombok and Makassar Straits, then pass south of Mindanao into the Pacific Ocean. Traffic in the Lombok Strait is susceptible to interdiction by an unfriendly nation. The Sunda Strait connecting the South China Sea with the Indian Ocean, and the Lombok-Makassar and Ombai-Wetar Straits are deep enough to permit submerged submarine operations; Karimata and the Arafura Sea are not but could be important for surface vessels. The Ombai-Wetar route is fraught with political connotations -- insurgencies in the southern Moluccas and East Timor, and is a favourite for fishing boats which might fish the abundant tuna while en route. The western Java Sea and Makassar Strait are studded with oil rigs which present navigation hazards and require safety zones or regulations.

Indonesian fast attack and patrol craft could seal the Malacca Strait if the Indonesian Government so desires. However, for a navy such as Indonesia's, closing the strait is an easier task than keeping it open when a determined foe wants it closed. The Lombok and Sunda Straits are completely within Indonesian territorial waters, so control of these important passes is yet another function of the small Indonesian fleet. In the event of a conflict with a common enemy, it is possible that the ASEAN nations would combine naval forces, and

²¹The material in this section is drawn from Joseph R. Morgan and Donald W. Fryer, "Maritime Defense Issues in Southeast Asia" in George Kent and Mark J. Valencia, eds., *Marine Policy in Southeast Asia* (Berkeley: University of California Press, 1984 forthcoming).

Indonesia's contribution would be welcome. Being large and having many neighbours, some of them as a result of extended jurisdiction, Indonesia has many potential foes and must plan strategies accordingly.

The modern Indonesian navy appears to be far too small to carry out its missions effectively. The geographic area to be covered is simply too vast. With sprawling archipelagic waters, well-dispersed bases are essential. The Indonesian navy suffers in this respect. The principal naval base is at Surabaya; all ships of the Indonesian fleet are stationed there. There are plans to build a major base at Teluk Ratai, South Sumatra, and new bases have recently been completed at Tanjung Pinang, and at Renai on Natuna. Ships deploy to other bases for short periods in conjunction with bilateral naval exercises or to operate against illegal foreign fishing and smuggling activities. Belawan (Medan) and Ambon are capable of supporting fleet units, and small ports throughout the Indonesian Archipelago can be used for short periods of time and by small vessels of the fleet. Indonesia is taking modest steps to improve capabilities. The maritime patrol mission will be improved with the addition of more NOMAD aircraft to be provided by Australia, and ten Wasp helicopters have been acquired from the Dutch. They will presumably be used for anti-submarine warfare and ship-to-shore movement of marines.

CONCLUSION: INDONESIA AND THE MARITIME INTERESTS OF OTHER NATIONS²²

Neighbours

Malaysia

Indonesia will face continuing coordination issues with Malaysia on transit policy in the Malacca Strait. Malaysia has an unsettled fragment of a continental shelf boundary and an unresolved EEZ boundary with Indonesia north of Tanjung Datu, as well as unsettled continental shelf, territorial sea and EEZ segments in the Celebes Sea. Potential fisheries issues for Malaysia and Indonesia are management of shared stocks on the Sunda Shelf and fisheries resources to the west toward India, and possibly joint surveillance and enforcement along the common borders.

²²The material for this section is drawn from Mark J. Valencia, "Southeast Asian Seas: National Marine Interests and Marine Regionalism," in Chia Liu Sien and Colin MacAndrews, eds., *Southeast Asian Seas: Frontiers for Development* (Singapore: McGraw-Hill, 1981), pp. 302-354; Mark J. Valencia, "National Marine Interests and Indices," in George Kent and Mark J. Valencia, eds., *Marine Policy in Southeast Asia* (Berkeley: University of California Press, 1984 forthcoming).

Philippines

Unlike Indonesia, the Philippines objects to the Intergovernmental Maritime Organization having approval regarding designation of sealane localities, and to the "right of archipelagic sealanes passage," an apparent equivalent to "transit passage," preferring instead a regime of innocent passage. The Philippines feels that its particular geographic position as a border state to the Pacific and the fact that all of its internal straits are narrower than 24 miles and thus fall within its 12-mile territorial waters, dictate a stricter sealane regime than the transit passage acceptable to Indonesia. The Philippines has tentatively designated sealanes and must negotiate with Indonesia to coordinate their location and governing regulations in the Sulu-Celebes Sea connection and south of Mindanao.

There is an evolving boundary issue for Indonesia and the Philippines in the Celebes Sea where EEZ boundaries must be settled. A separate but related problem is the case of the waters surrounding Miangas Island situated between Mindanao and Kepulauan Talaud. The fact that these waters are good tuna fishing grounds may exacerbate the problem. Philippine purse seiners are operating in this area luring tuna with payaw (floating platforms anchored to the bottom) to save fuel. Indonesian fishermen are operating in the southern Celebes Sea and there is Philippine concern that they may migrate northward and conflict with Philippine fishermen. An arrangement of access for Indonesian fishermen to the Philippines EEZ needs to be worked out. Indonesian-Philippine coordination of monitoring, surveillance and control in this area against illegal fishing, smuggling, piracy, and rebellion is also required. Tuna stocks migrate between Indonesia and Philippine waters and coordination in their management will be necessary.

Singapore

Singapore intends to enhance its status as the maritime center of ASEAN and the region, serving to consolidate and disperse the Europe-Southeast Asia trade and as a center for warehousing and pre- and post-marine exploitation services. In the long-term, Singapore may thus benefit from the extension of jurisdiction of its neighbours and their concomitant increased marine activities.

Singapore's principal marine interest and indeed its economic base is unrestricted transport of goods and oil in the region. Being zone-locked, it also has a direct interest in the transportation regimes of its neighbours. The recent trilateral agreement for traffic safety standards in the Malacca Strait implies that some larger tankers may use the Lombok diversion and may have put

Singapore on guard against any such fortune schemes that would affect its entreport and transshipment status. Continuing differences with Indonesia (and Malaysia) are likely over "environmental protection" as it affects transit in the Straits. Singapore will attempt to gain access to any declared fisheries surplus in Indonesia's EEZ and traditional rights in archipelagic waters.

Australia

Australia's long common marine border with Indonesia, and its proximity to Southeast Asia underlie its general interest in the stability and economic development of the region. A cornerstone of Australian foreign policy is good relations with Indonesia; such relations have not always been cordial. Mutually satisfactory settlements of the remaining continental shelf and EEZ boundaries off northwest Australia, south of Christmas Island, and south of Timor would be of importance to Australia and this relationship. The boundary in the northwest is particularly important because there is good hydrocarbon potential there. Australia is also concerned with its lax northern coastal defense system. Unexpected arrivals of refugee boats on Australian territory and Australia's apparent difficulty in curbing drug smuggling and illegal fishing in this area apparently rekindled latent WW II fears of an Asian invasion from the north.

When Australia begins to export uranium ore to Japan through the archipelagoes and the South China Sea, sealanes and their regimes in Indonesian waters will become important for Australia. Also, any further restrictions on transport in the Strait of Malacca or in the South China Sea, or any marine conflict within the region may deflect tanker traffic to Australian waters.

Australia is affected by fisheries policies and activities in Indonesia. Some of the tuna stocks that migrate into Australian waters or into waters of South Pacific countries in which Australia has great interest, e.g., Papua New Guinea, spawn and grow in Indonesian waters.

Vietnam

Vietnam is now a maritime neighbour of Indonesia. Vietnam and Indonesia have unsettled continental shelf and EEZ boundaries north of the Natuna Islands. The tenor of negotiations on these boundaries seems to wax and wane with the ASEAN position on Kampuchea. Also, fisheries issues could crop up as both Indonesia and Vietnam may be developing their fishing capabilities with the same or shared stocks in mind.

Other Regional Countries

Thailand

Thailand is zone-locked in the Gulf of Thailand and in the Andaman Sea and thus has interests in the transportation regime of Indonesia. Communist and Muslim irredentist movements in the southern Isthmus of Kra far from the power base in Bangkok make the south a potential trouble spot. Thailand has a prime security interest in maintaining unrestricted naval and commercial transit between the east and west coasts of the Isthmus of Kra through Malaysian, Singaporean, and Indonesian territorial waters in the Malacca Strait. Further, Thailand attaches great importance to the 1954 Manila Pact. Implementation of this agreement may require maximum naval mobility through archipelagic waters and the Malacca Strait for U.S. military assistance to Thailand.

Thailand is seeking access to fisheries almost anywhere and by any legal means, and particularly desires preferential access to any surplus of fish in Indonesia's EEZ. Thailand's arguments for access depend on ASEAN relations, the principle of technical cooperation between developing countries (TCDC), "historic rights," preferential regional treatment and its claim to GDS status.

China

With the abandonment of its policy of total self-reliance and isolationism and its continued efforts to transform from an agricultural to an industrial economic base, China will certainly expand its interests in hydrocarbons, transport, and fisheries in the South China Sea in the near future. As its foreign shipping, sea-borne commerce, and naval mission expands, China will become more interested in safeguarding transit passage in the South China Sea.

China (Taiwan)

Taiwan obtains the largest catch in the region among the distant-water fishing countries. Lack of recognition may eventually affect both transit passage of its flag vessels through the Philippine and Indonesian archipelagoes as well as access to fisheries. If Taiwan is eventually officially incorporated into China, the Taiwan Strait could become internal waters of China, increasing the importance of routes through the Philippine and Indonesian archipelagoes as connections between the Pacific and Indian Ocean.

Extraregional Nations

Japan

Japan's prime concerns in the South China Sea are unimpeded transit of potential polluting cargoes, e.g., oil, LNG, commercial toxic chemicals, nuclear spent fuel, and uranium ore, as well as normal commercial goods, and access to tuna, shrimp, and mackerel fisheries and hydrocarbons. Japan relies on transport through and from the Southeast Asian region for over 70 per cent of its oil; it is or will soon be receiving LNG from Bintulu, Arun, Badak and Brunei. Shipment of spent nuclear fuel through the South China Sea and Malacca Strait for reprocessing in Europe is apparently ongoing and may increase in volume and frequency until or unless Japan reprocesses its own spent fuel or ships it to the United States or a Pacific island.

Indonesia has an extremely strong trade, investment and financial relationship with Japan. This relationship produces a very strong, possibly "national security-level" interest of Japan in maintaining its raw material supply and a market for its manufactured commodities. Japan fears eventual discriminatory action affecting its transit access. Japan is permitting its national oil company to explore and exploit hydrocarbons directly in Southeast Asia and has established numerous private fisheries joint ventures in Indonesia. Japan is thus keenly interested in the peaceful and rapid resolution of boundary and jurisdictional disputes whose outcome may affect transportation standards or the regulations governing resource exploitation.

The USSR and the United States

Both the Soviet Union and the United States have strong interests in unimpeded transit of both commercial and military traffic through the Indonesian archipelago. Vietnam is a legitimate destination for Soviet warships and other vessels since its mutual defense pact with Vietnam. The U.S. is now without a naval base on the Southeast Asian mainland and will rely more heavily on mobility as a deterrent in honoring its treaty commitments, or for showing the flag in the region. Control of, and passage through choke points in the Indonesian archipelago -- straits such as Malacca, Sunda, Lombok, Makassar, Ombai, Wetar and others -- is potentially critical to both countries, particularly for submarines.

The nuclear submarine is a vital component of each nation's nuclear strike triad capability. In order to attack or defend against a nuclear submarine, its location must be known. If innocent passage regimes were strictly applied,

submarines would have to surface during their passage through territorial and archipelagic waters, except in sealanes. Given that the strategic value of a submarine lies in its stealth, there is little likelihood of the United States or the Soviet Union abiding by such a regime. Permanent and accurate submarine detection systems require a land base, and obscure territory bordering straits may become of strategic value, such as East Timor.

Because of the strategic importance of SLBM submarines, control of the deep waters in terms of seabed detection and attack devices may become the crucial factor in a great power conflict. Strategic placement of such devices will require coastal state collusion and scientific research. Thus, access for scientific research with a military applicability is important to submarine detection and thus to the great power strategic balance.

The United States or Japan, in time of hostilities, would have to convoy seaborne oil headed both for Japan and the United States; the South China Sea is one of four alternate routes for the movement of oil from the Middle East to the United States. The South China Sea is also used as one supply route to Diego Garcia, a base of increasing importance to the United States in support of her Middle East interests. The strong U.S.-based multinational dependence or involvement in natural resources from Southeast Asia, including Indonesian oil and gas is an important secondary and longer-range consideration.

Because of its huge marine area and many maritime neighbours with extended jurisdiction, its crossroads location, and its archipelagic nature, Indonesia has been and will continue to be in a pivotal position in marine policy making. Numerous issues involve the sometimes vital interests of neighbours and foreign powers alike. Indonesia has the opportunity to influence and even lead the interpretation and implementation of CLOS in Southeast Asia and the world. Thus the many issues should be systematically analyzed, and prioritized with this opportunity and responsibility in mind. Then the positions formulated will serve not only the interests of Indonesians for generations to come, but also the region, and by example, the world at large.

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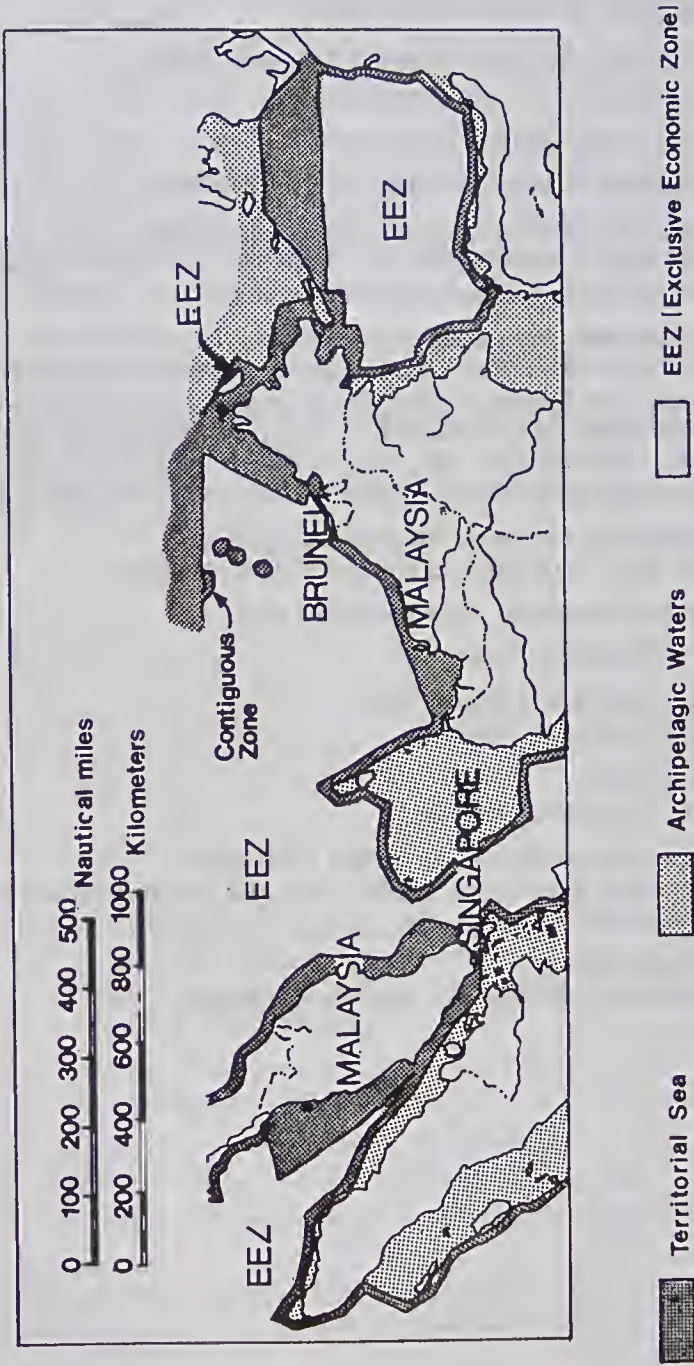


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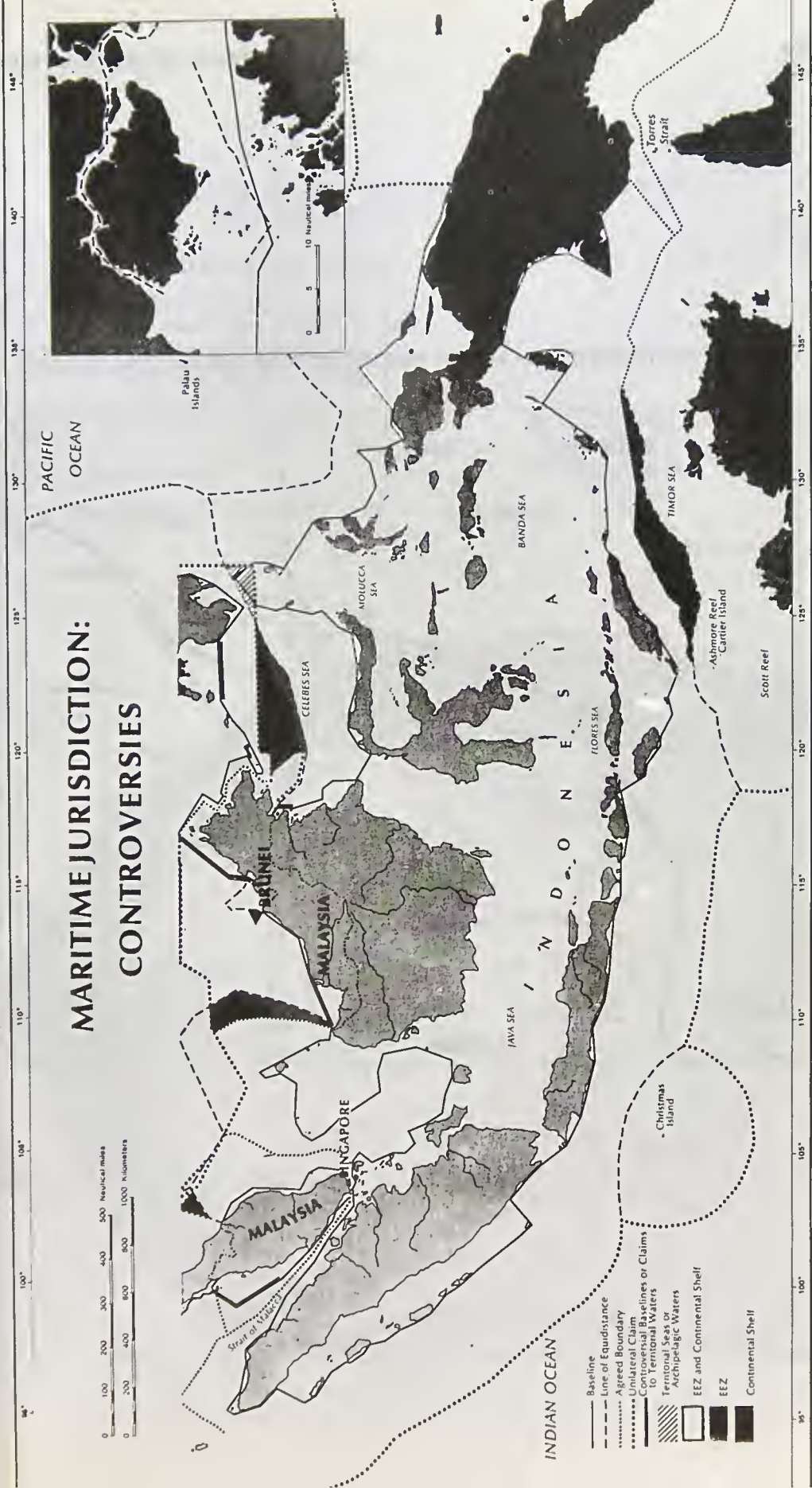


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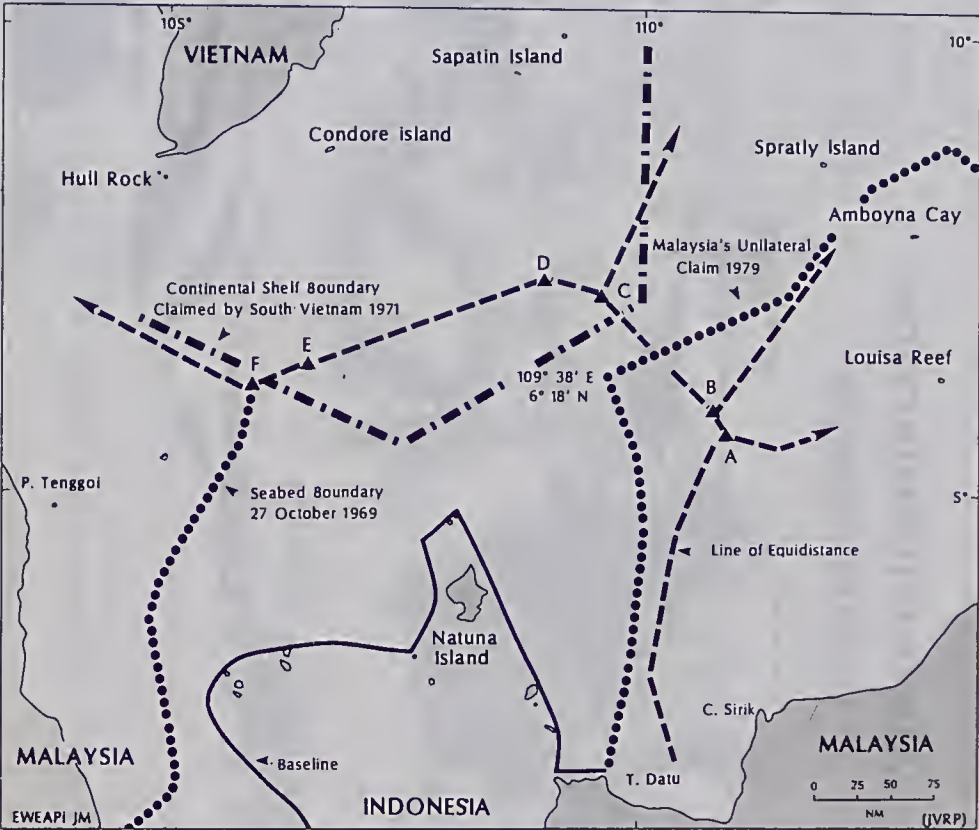
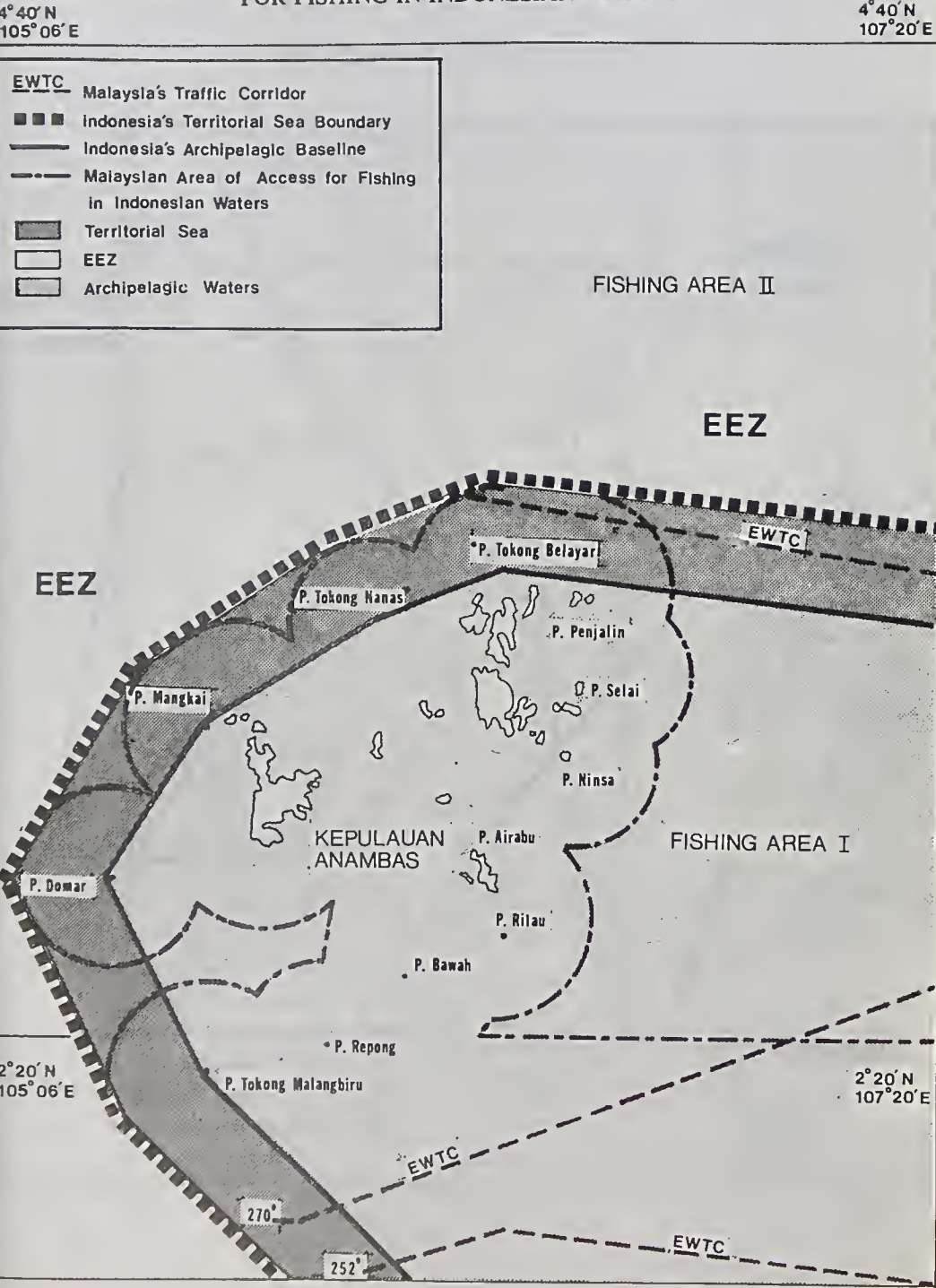


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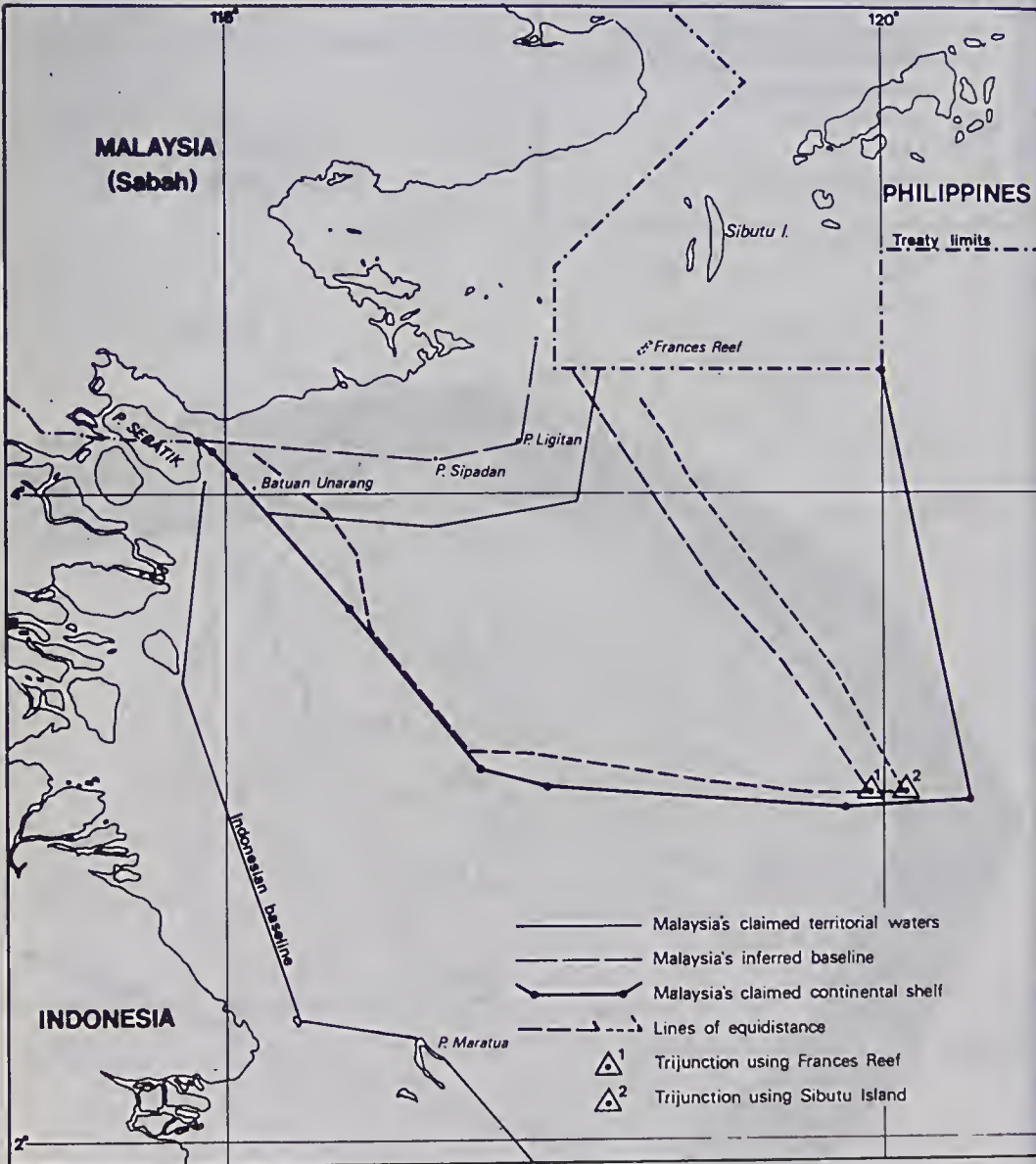


Figure 6: MARITIME BOUNDARIES IN THE VICINITY OF MIANGAS ISLAND

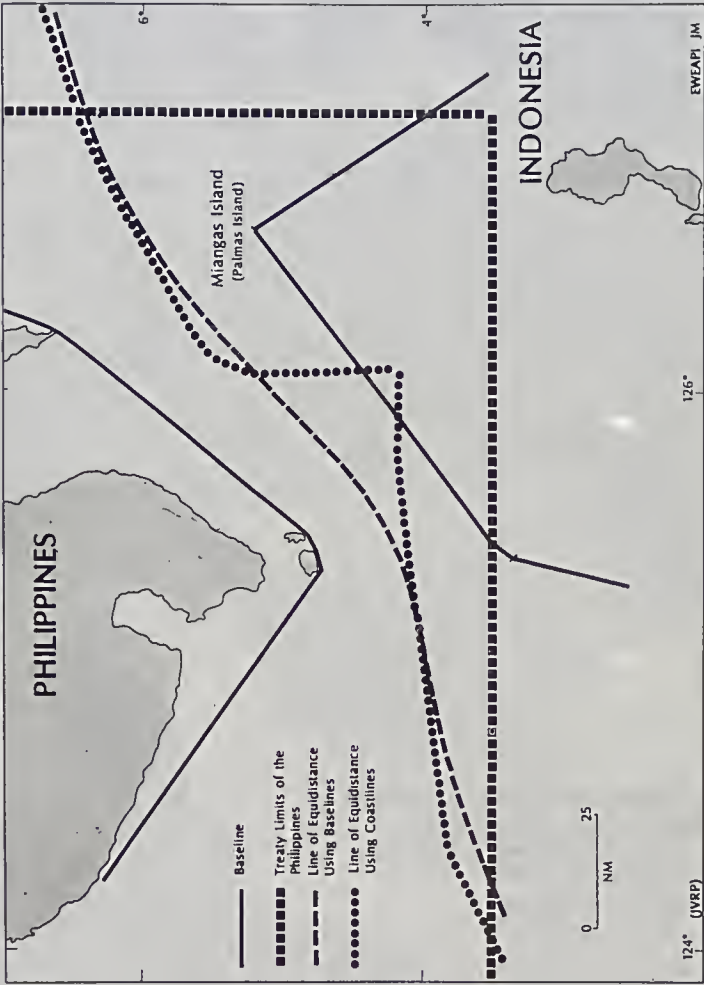
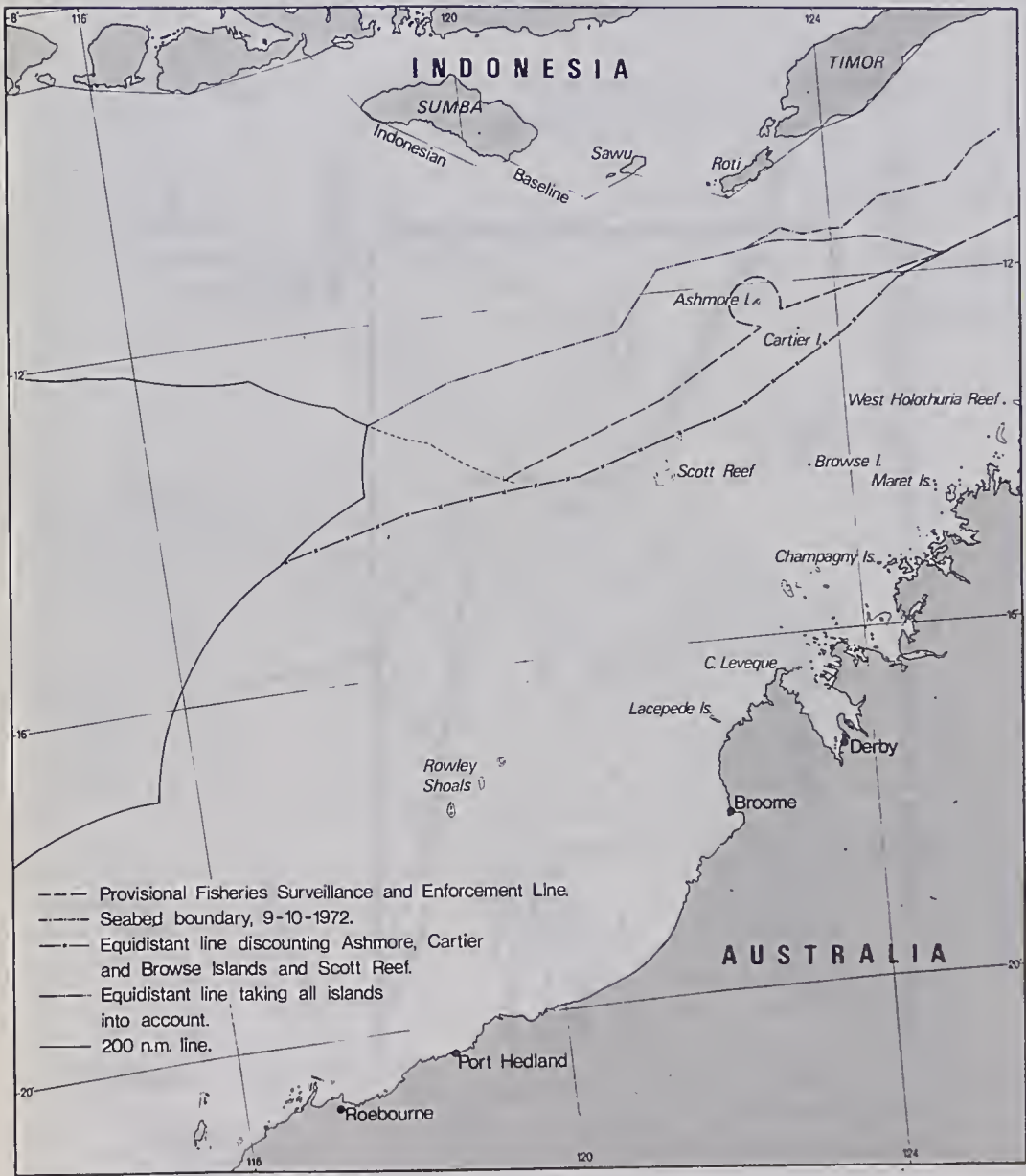


Figure 7: MARITIME BOUNDARIES IN THE ARAFURA SEA





PETROLEUM GEOLOGY AND BATHYMETRY

— 2000 m — Sediment Thickness (Meters)

— 200 m — Bathymetry (Meters)

EXPLORATION HISTORY

● Oil Field ✱ Gas Well

✱ Gas Field ✱ Gas Show

BLOCK STATUS

Contract Area

Operator

BOUNDARIES

— Agreed Continental Shelf Boundary

— Provisional Fisheries Surveillance and Enforcement Line

— Northern Territory/Western Australia Offshore Boundary

— Equidistant Line Discounting Reefs and Islands

— Equidistant Line Considering All Reefs and Islands

— Baseline

LEN LENHARD

MAG MAGNET

MES MESA AUSTRALIA

WAP WEST AUSTRALIA

WAP WOODSIDE

AL ALLIANCE

AD ADUTIANE

AR ATLANTIC RICHFIELD

BP BRITISH PETROLEUM

CNW CNW OIL AUSTRALIA

LEN LENHARD

MAG MAGNET

MES MESA AUSTRALIA

WAP WEST AUSTRALIA

WAP WOODSIDE

* ADUTIANE GROUP - Potential of Petrel structure being reassessed.
 1 LOTS 12 TO 17 recently offered for bidding. Deadline was
 5 September 1980. Thirty-six companies applied.

Figure 9: NATUNA AREA: MARITIME CLAIMS AND PETROLEUM GEOLOGY



PETROLEUM GEOLOGY AND BATHYMETRY

- 30 s — Sediment Thickness (Seconds, Two-Way Time, also Approximate Kilometers)
- 2000 m — Sediment Thickness (Meters)
- Fault, Barbs on Downthrown Side
- 200 m — Bathymetry (Meters)

EXPLORATION HISTORY

- Oil, Gas Field
- Oil Well, Show
- Gas Well, Show
- Oil and Gas Well, Show
- Dry or Abandoned Well
- Well being Drilled
- Approximate Location

BLOCK STATUS

- Block Number
- Contract Area
- Operator
- New Number of Block
- Old Number of Block
- Vietnam: Areas under Contract in 1980
- Vietnam: Open Block
- Malaysia: Areas Offered for Bidding, 1982

BOUNDARIES

- Baseline
- Line of Equidistance
- Section of Boundary Proclaimed by South Vietnam 1971
- Seabed Boundary 27 October 1969
- Malaysian Continental Shelf Claim 1979

**TANKER TRAFFIC:
DWT, ALL SIZES (1980)**

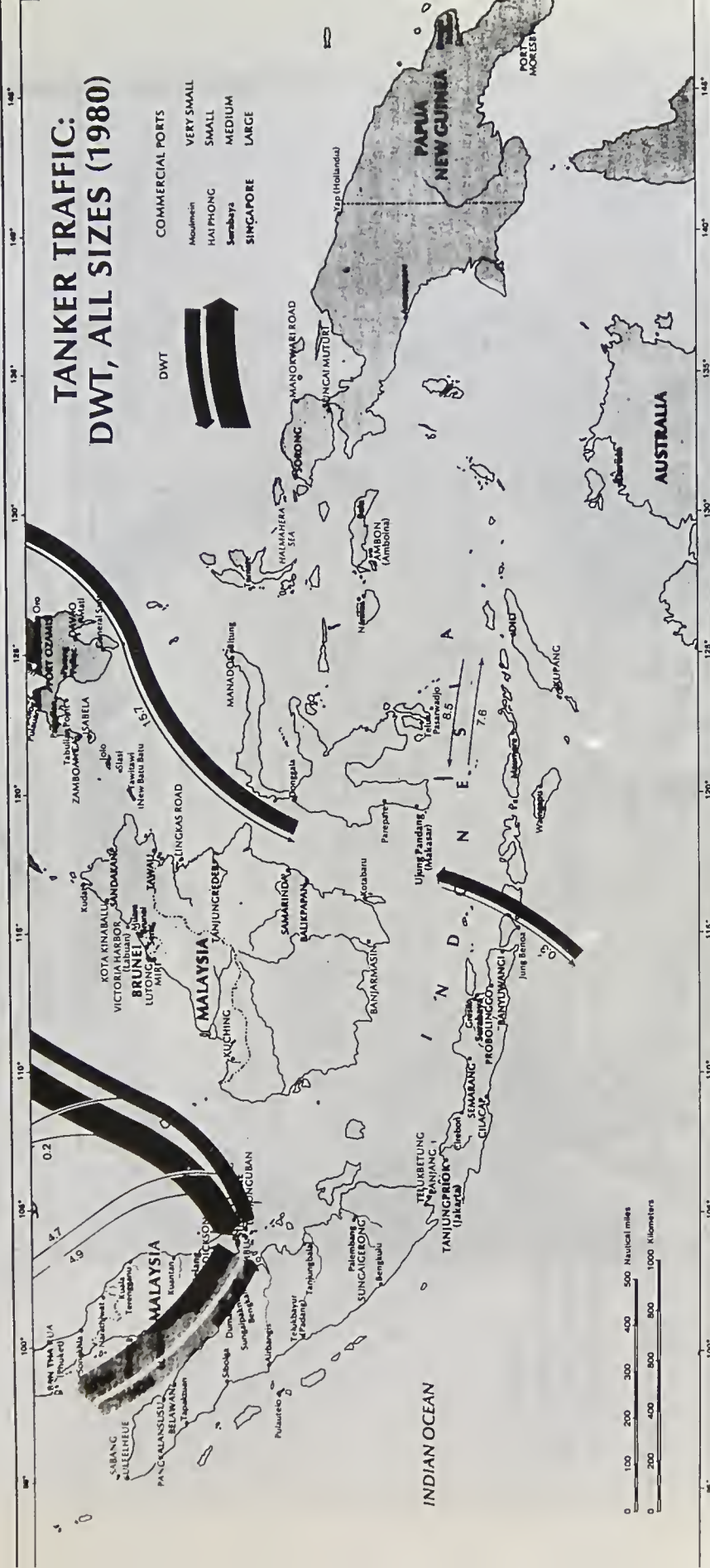


Figure 11: CELEBES SEA: MARITIME CLAIMS AND PETROLEUM GEOLOGY

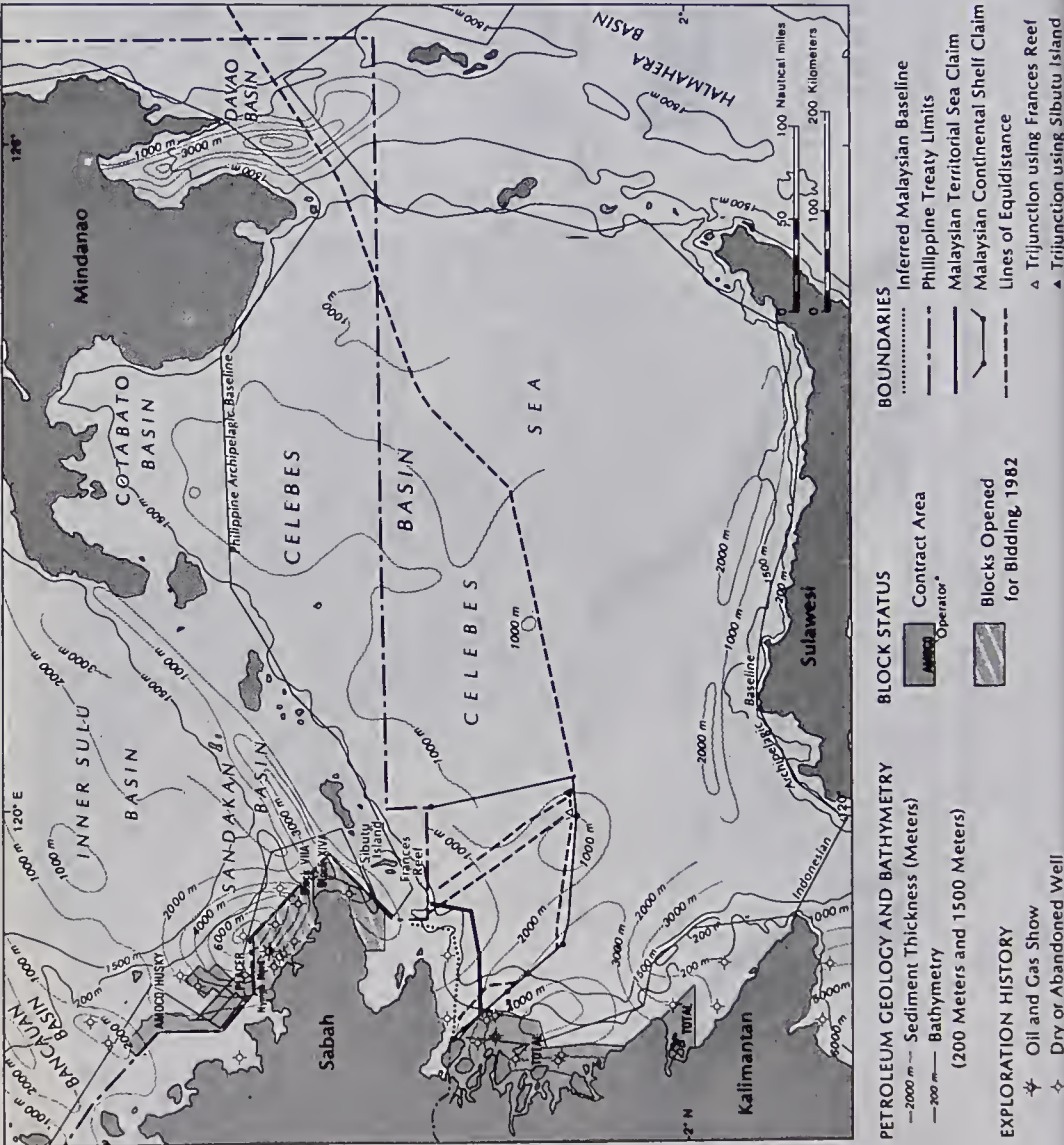


Figure 12: POSSIBLE INDONESIAN SEALANES

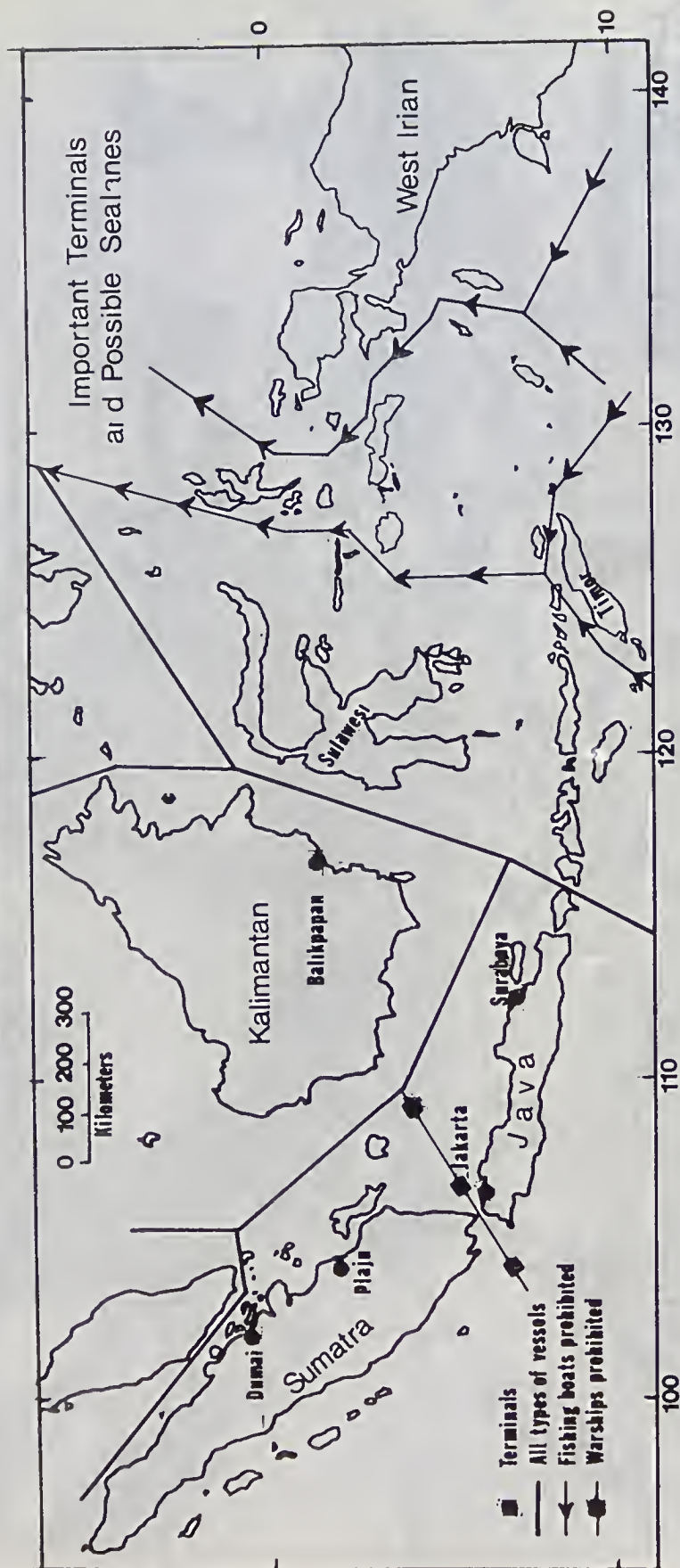
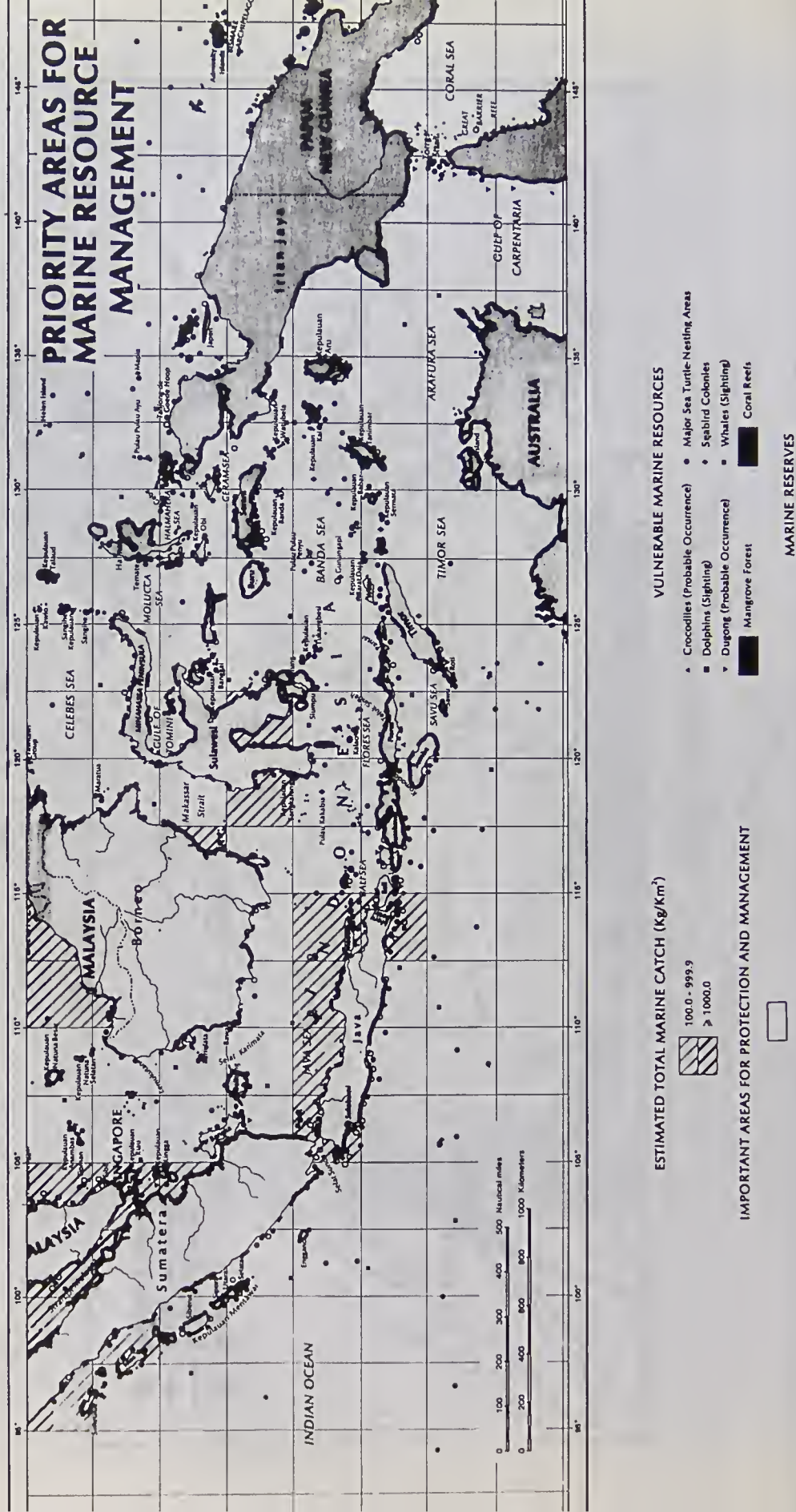


Figure 13: PRIORITY AREAS FOR MARINE RESOURCE MANAGEMENT



MARITIME JURISDICTION AND TOTAL MARINE CATCH



AREAS OF CONFLICT



MARITIME JURISDICTIONS

- Baseline
- Line of Equidistance
- Agreed Boundary
- Unilateral Claim

ESTIMATED TOTAL MARINE CATCH (kg/km²)

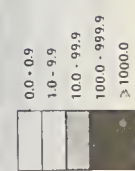
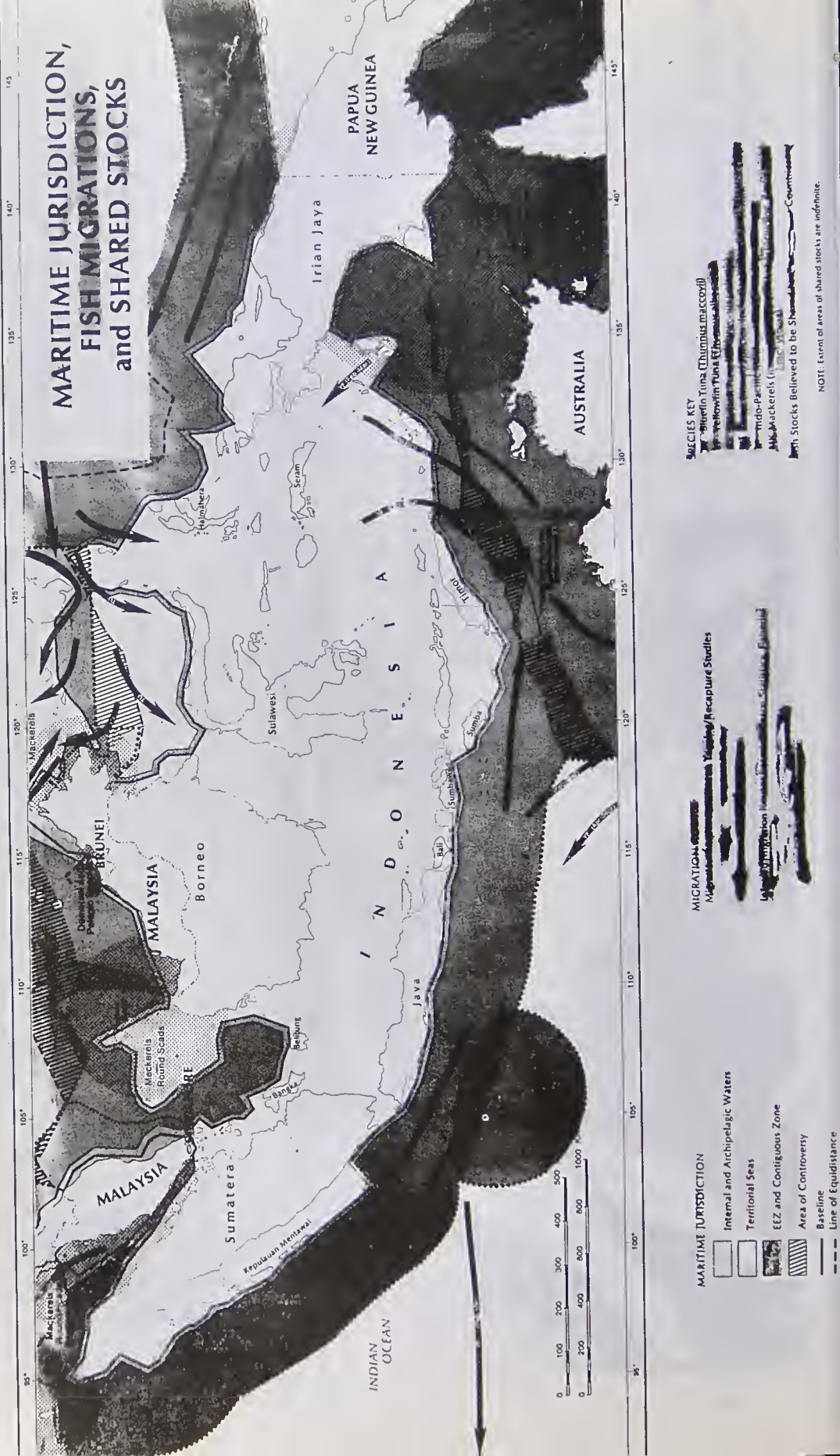
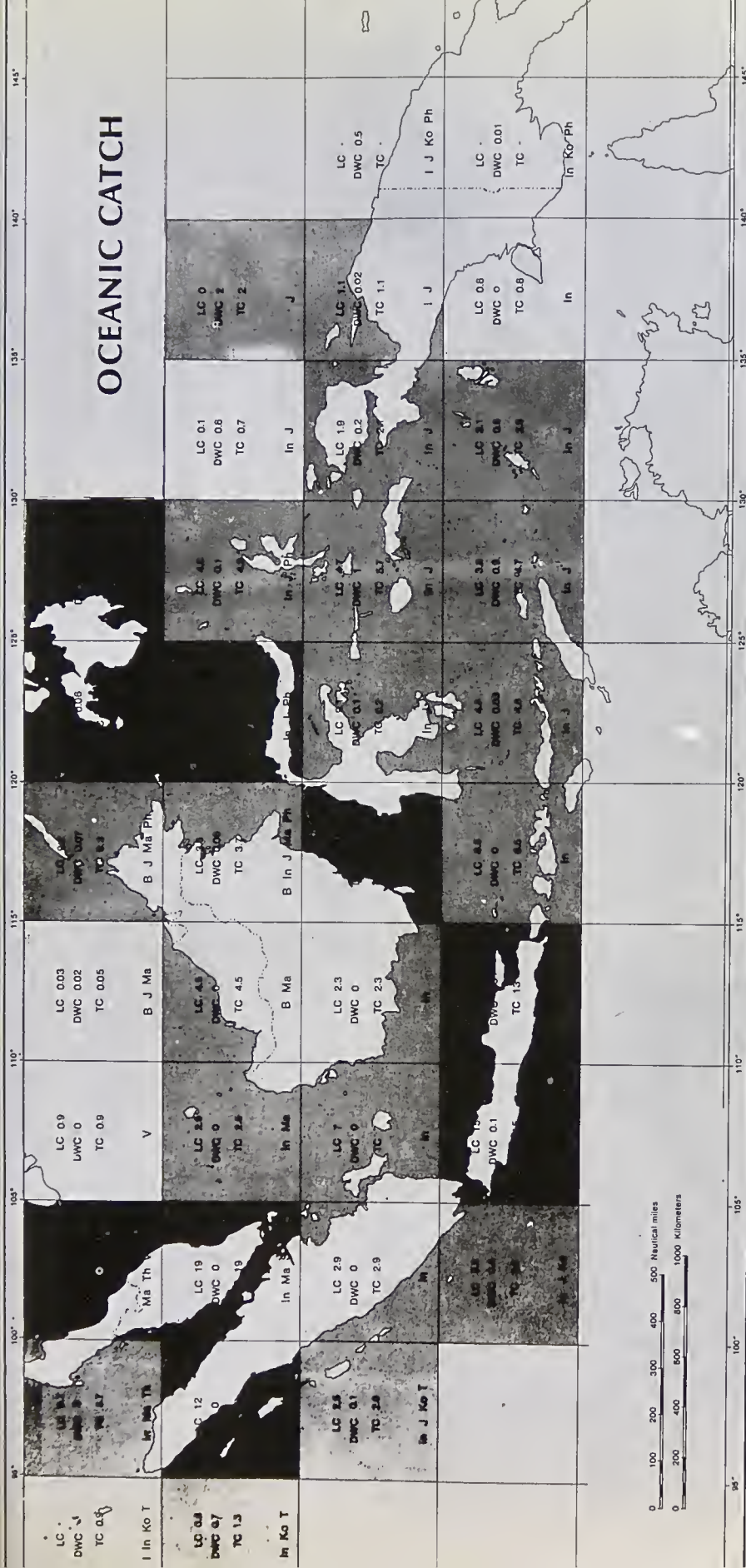


Figure 15: FISH MIGRATIONS AND SHARED STOCKS



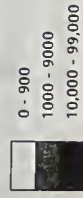


Catch Breakdown (1000 Metric Tons), 1977

- LC Local Catch
- DWC Distant Water Catch
- TC Total Catch

*China (Taiwan) Catch by Powered Vessels Not Available

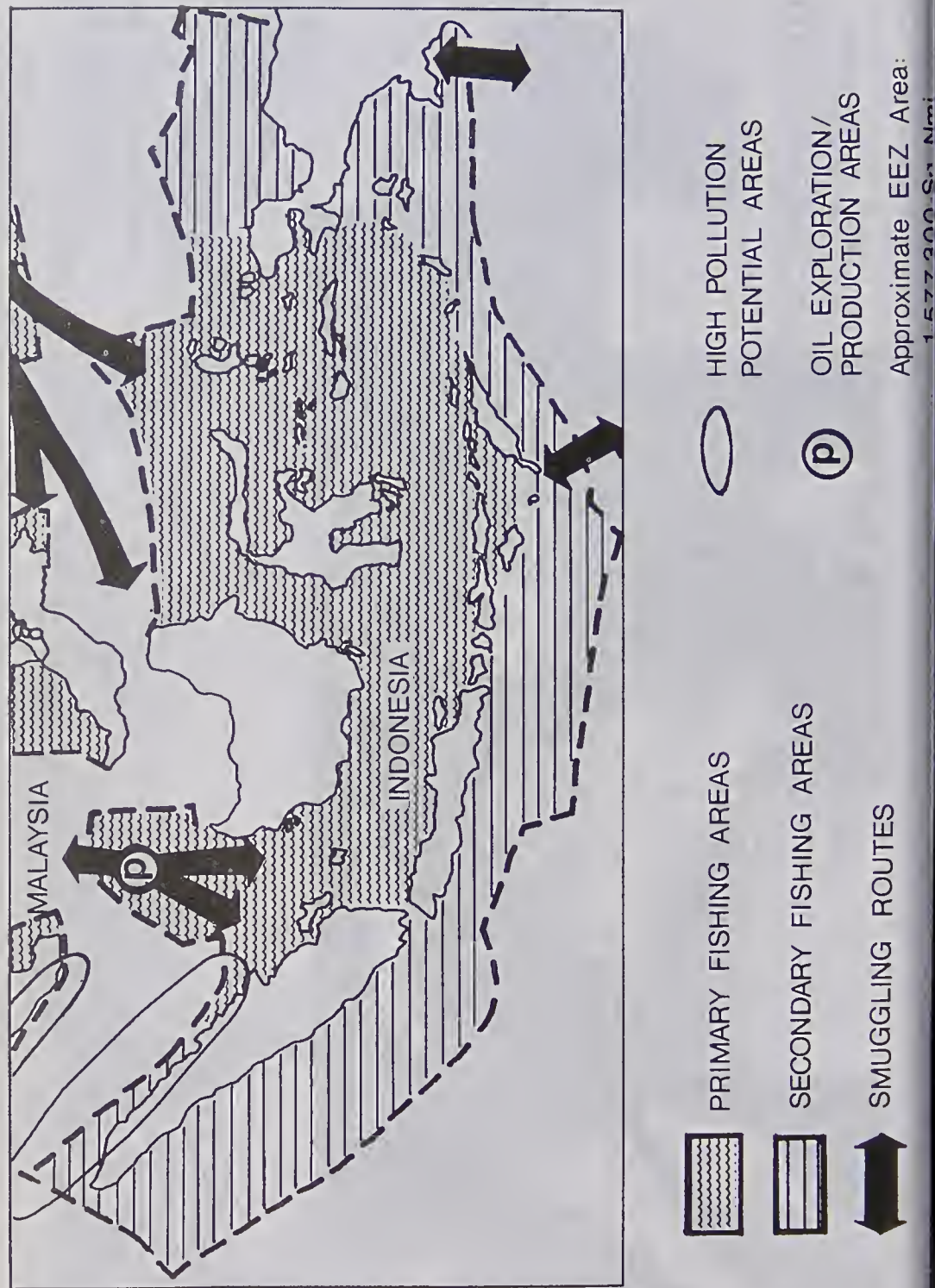
Catch Estimates of Oceanic Fish
Per 5° Grid (Metric Tons), 1977



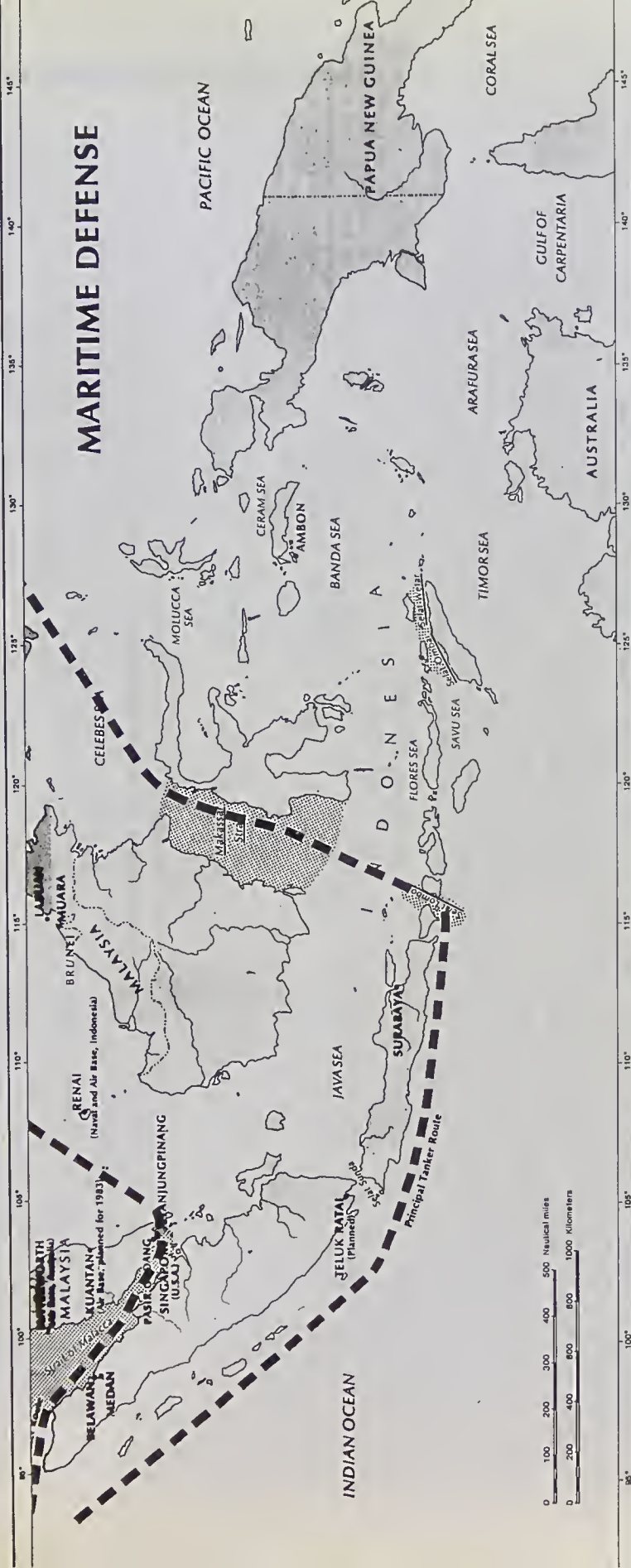
Countries Fishing

B	Brunei	In	Indonesia	Ph	Philippines
Bu	Burma	J	Japan	S	Singapore
C	China	K	Kampuchea	T	China (Taiwan)
H	Hong Kong	Ko	South Korea	Th	Thailand
I	India	M	Macao	V	Vietnam
		Ma	Malaysia		

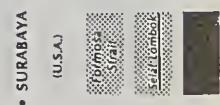
Figure 17: MONITORING, SURVEILLANCE, AND CONTROL -- INDONESIA



MARITIME DEFENSE



- SURABAYA
- NAVAL or AIR BASE
- BASE or base rights by U.S.A
- STRATEGIC STRAIT
- POSSIBLE SUBMARINE ROUTE
- POTENTIAL CONFLICT AREA



Appendix

SOCIO ECONOMIC INDICATORS

Consumption			Employment			Per Capita			
Total Food Fish Supply 1974 (MT)	Per Capita Consumption (kg'yr.)	PCE Per (US\$) Capita Derived from Fish	% of Animal Protein	Proj. Demand (1982-87)	Labour Force Fisheries	% to Total Labour Force	Per Capita (US\$) 1975-	GNP Per Capita (Real) (%) -1975-	Fisheries as Percentage to GNP (%)
1,303	10.2	107	65.3	data not available	1,081,000	2.4%	220	5.3%	3.4%

TECHNOLOGICAL CAPABILITY

Number of Fishermen by Vessels
(By types of Tonnage)

Year	Total	Non-Powered	Out-board	In-board	Total Numbers of Fishermen	Ratio of Fishermen to Fishing Craft
1975	257,152	242,221	6,771	8,160	1,081,000	4.2:1

Number and Types of Vessels by Gears

Trawl Nets		Seine Nets		Seine		Traps		Drift and Gill Nets		Cast Nets and Others		Lift Nets		Lines	
Otter Trawl	Double Rig	Danish		Bench Seine										Long Lines	Hand Line
1,154	3,124	8,176	4,599	74,811	25,910	4,693	137,100	14,846							

ENERGY

Production, Trade, Apparent Supply, Consumption, Estimated Proved Reserves, Capital Investment of Crude Petroleum and Refinery.¹
(Quantities in Million Metric Tons)
(1978)

		Production	
		Crude Petroleum	
	Natural Gas	Total	Inshore
		Of which is Offshore	
	0.010	90,000	80,000
		10,000	
Estimated Proved Reserves			
Offshore (10 ⁶ oil bbls) 1975	Oil (10 ⁶ Bbls) 1976	Gas (10 ⁹ Cu.Ft) 1976	Total Consumption (Volume)
702	14,000	15,000	269,000 bd (1976)

¹Sources of Data: United Nations, *World Energy Supplies 1973-1978*, USA Published 1979; Asia, *Oil Politics and the Energy Crisis*, IDOC: International Documentation, Nos. 60-61 New York; Vaclav Smil and William E. Knowland, *Energy in the Developing Lined: The Real Energy Crisis*; USA: Oxford University Press 1980; Siddayao, *The Offshore Petroleum Resources of Southeast Asia*, 1978.

SHIPPING

By Principal Types: 1980

Oil Tankers		Liquified Gas Carrier		Chemical Tankers		Miscellaneous Tankers (Trading)		Bulk/Oil Carriers (Inc. Ore/Oil)		Ore and Bulk Carriers	
No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross
(1) 98	164,341	3	1,653	3	6,355					7	78,199

--(1) Indonesia is 38th on the world ranking of principal fleets of the world.

General Cargo Single Deck		General Cargo Multi-Deck		Passenger/Cargo Ships		Container Ships (Fully Cellular)		Lighter Carriers		Vehicle Carriers		Fish Factories and Carriers	
No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross
402	401,550	197	439,511	34	122,579					1	170	3	450

Fishing (Inc. Factory) Trawlers		Ferries & Passenger Vessels		Supply Ships & Tenders		Tugs		Dredgers		Livestock Carriers		Ice Breakers	
No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross	No.	Tons Gross
132	27,271	48	61,352	39	27,250	169	40,307	9	21,593				

Research Ships		Miscellaneous (Non-Trading)		Total	
No.	Tons Gross	No.	Tons Gross	No.	Tons Gross
5	3,965	30	15,142	1,180	1,411,688

Merchant		Fleet		Annual Shipbuilding Output	
Year	Number of Ships	Total GRT	Total DWT	Year	Total GRT
1979 (July 1)	1,122	1,309,911	1,698,521	1978	3,225
				1979 (Sept. 30)	7,830

INVESTMENT
Foreign Loans Invested
In Shipping/Navigation
(1970-1986)

Total		ADB		WB		Kreditanstalt für Uderanfbau	
\$M	%	\$M	%	\$M	%	\$M	%
1,189,040	84.71	1,188,950	99.99243	90	0.00756		

Foreign Loans Invested
in Fisheries
(1970-1986)

Total		ADB		ADB/EEC		WB		WB/COF		BEC/USA		UNDP	
\$M	(%)	\$M	(%)	\$M	(%)	\$M	(%)	\$M	(%)	\$M	(%)	\$M	(%)
480,49.4	13.58%	480,450	99.99%	-	-	39	0.008%	-	-	-	-	5.4	0.00112%

Foreign Loans Invested in
National Marine Interest-Industries
(1970-1986)

Total		Energy		Fisheries		Shipping/Navigation		Mining	
\$M	(%)	\$M	(%)	\$M	(%)	\$M	(%)	\$M	(%)
1,966,003.8	14.21%	60,975	3.10%	480,494.4	24.44%	1,189,040	60.48%	235,494.4	11.98%

INTERNATIONAL ORGANIZATIONS, DECLARATIONS AND INTERNATIONAL CONVENTIONS

INTERNATIONAL ORGANIZATIONS

United Nations Assembly Committee on the Peaceful Uses of the Sea-bed and the Ocean-Floor Beyond the Limits of Nations Jurisdiction.	INTERNATIONAL ORGANIZATIONS						Specialized Integrated Global Ocean Station System
	International Atomic Energy Agency (1957)	United Nations Conference in Trade and Development	Economic and Development Council	United Nations Development Program	United Nations Educational Scientific and Cultural Organization (4-11-1946)	Nations World Meteorological Organization (23-3-1950)	
x	x	x	1971	x	x	x	x
Inter-govern- mental Oceano- graphic Commis- sion (1960)	Bodies Inter- governmental Maritime Consultative Organization (1958)	International Telecom- munications Union (1965)	Food and Agricultural Organization	International Bank for Reconstruc- tion and Development	United Nations Economic Mission for Asia and the Pacific (28-3-1947) which includes Com- mittee for Coordination of Joint Prospecting for Mineral Resources in Asia Offshore Areas (1965)	Inter- national Hydrographic Organization	FAO Southeast Asia Fisheries Development Center (1967)
x	18-1-1961	x	x	x	x	28-11-1968	x
Regional Indo-Pacific Fisheries Council (1948)	Bodies UNDP/FAO South China Sea Fisheries Development and Coordinating Programme	International Center for Living Aquatic Resources Management	UNESCO Regional Office for Science and Technology for Southeast	United Nations Environment Program	Economic and Social Mission for Asia	Pacific Division of Natural Resources	Federation of ASEAN Shipper's Council's Federation of ASEAN's Shipowners Association
29-3-1950	x						x

GENEVA CONVENTIONS

Convention on the Territorial Sea & Contiguous Zone	Convention on the High Seas	Convention on fishing and Conservation of the Living Resources of the High Seas	Convention on the Continental Shelf	Optional Protocol of Signature Concerning the Compulsory Settlement of Disputes	International Convention for the Prevention of Pollution of the Sea by Oil 1954 (Oil Pol. '54) As amended in 1962 and 1969
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10/8/1961^a

INTER-GOVERNMENTAL

International Convention for the Prevention of Pollution of the Sea by Oil 1960	Amendments to the International Convention for the Prevention of Pollution of the Sea by Oil (Great Barrier Reef (Tanks) 1971)	International Convention for the Prevention of Pollution from Ships (1973) (Mar. Pol. '73)	International Convention for the Prevention of Pollution from Ships 1978 (Mar. Pol. '78)	Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances other than Oil 1973	Final Act of the International Convention on Marine Pollution 1973	International Convention on Civil Liability for Oil Pollution Damage 1969
---	--	--	--	---	--	---

x

x

x

x

MARITIME

CONSULTATIVE

International Convention for the Establishment of An International Fund for Compensation of Oil Pollution Damage 1971	Convention on the Prevention of Marine Pollution by Dumping Wastes and Other Matter 1972	Amendments 1978 Incineration	International Convention on Loadlines 1968	International Convention on Facilitation on International Maritime Traffic	International Convention on Regulations to the Prevention of Collision of Vessels at Sea 1960	International Convention for the Safety of Life at Sea 1948 (SOLAS '48)
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x

7/5/1968

ORGANIZATION CONVENTIONS			ASEAN			
International Convention for the Safety of Life at Sea 1960 (SOLAS '60)	Amendments 1968	Final Act on the Safety of Life at Sea 1974	Protocol on Safety of Life at Sea 1978	Nuclear Test Ban Treaty 1963	Zone of Peace, Freedom and Neutrality Declaration	Agreement on the Facilitation of Search on Ship on Distress and Rescue of Survivors of Ship Accidents
28/10/1966				8/5/1964	x	x
DECLARATION						
Manila Declaration on the ASEAN Declaration		Statement on Malacca Strait			Tripartite Agreement on Safety of Navigation and Traffic Separation Scheme	
x		x				x

Book Reviews

The Dilemma of the Chinese in Indonesia

Indonesian Chinese in Crisis by Charles A. Coppel. Kuala Lumpur: Oxford University Press, 1983, 236 pp. This review article by Leo Suryadinata is translated from *Tempo*, 28 January 1984.

Dr. Charles Coppel, who is now teaching at the University of Melbourne, has written numerous articles on the Chinese in Indonesia. However, this is the first time that he has a book published on the subject. The book which is based on his dissertation at the University of Monash in 1975, is in essence not very much different from the original, in spite of the actualization (especially on the last chapter on the New Order accommodation).

This book discusses politics on the foreign ethnic group and on the policy of the Indonesian Government, before and after the abortive *coup* of the communist party in September of 1965, especially between the years 1963 and 1968. Although the title of the book gives the impression of covering the overall politics, the dominant theme is politics and the overseas Chinese community. His picture on the politics and activities of the overseas Chinese is far from satisfactory.

Some of the things that Coppel focusses on are the games of politics between the Baperki and the LPKB and the role of LPKB after the

abortive *coup*. This book has succeeded in giving a detailed picture of that turbulent period.

Coppel does not stop there. He intends to disprove the theory proposed by Prof. Lea Williams in her book *The Future of Overseas Chinese in Southeast Asia* (1966). Williams says that the Chinese dilemma can only be solved through the "assimilation politics" in the sense of "participating in politics and government." The example cited by Williams was Indonesia during the time when President Soekarno was still in power, before the Gestapu or the September 30th movement. Williams is of the opinion that political assimilation in the manner of Baperki has benefitted the Chinese, since this has made them acceptable to the natives.

Coppel does not agree with this theory pointing out that Baperki politics during the Guided Democracy era has resulted in violent anti-chinese reactions after 1965. Baperki as mass-organization that was close to Soekarno and the PKI (Indonesian Communist Party) finally met its end with the disappearance of the two actors.

As Baperki was looked upon as representing the Chinese, the Chinese became the target of the military, the political parties, and the anti-Soekarno and anti-PKI masses which turned up after the Gestapu. Anti-Chinese riots happened in Java, Sumatra, and Kalimantan. These riots caused a lot of sufferings to the Chinese.

What is the message of Coppel's book? Coppel showed the dilemma of the Chinese in Indonesia. If they do not participate in politics, they will be accused of being mere profit-

seekers. On the other hand, if they do, there are innumerable factors, internal and international, that are beyond their control. In the end they will only become the target rather than the active actors. Therefore, Coppel concludes that as a small minority, the Chinese do not have much choice, but must strive to adapt themselves to the wishes of the Government.

According to Coppel, as long as prejudice against the Chinese and conflicting interests still exist, the Chinese dilemma will not disappear. To identify themselves with those in power at a particular time will bring calamity to the minority, as soon as the group in power is ousted.

Coppel is not trying to dissuade the Chinese from participating in politics. What he feels sceptical about is that kind of political participation that identifies itself with those in power, which according to Coppel is "the political assimilation" proposed by Williams.

How can the Chinese solve this dilemma? Should they use the LPKB method? Coppel says that during the Old Order and the New Order, an elite group of Chinese, who were anti-communist/PKI and pro-assimilation united with the military and other anti-Soekarno and anti-communist political forces. The existence of these LPKB people had influenced the New Order leaders with the result that the violent anti-Chinese campaign could be abated.

How is the present conditions/situation? Does there exist such a group as the LPKB of the Old Order? Coppel does not give a definite answer, except to point out the Bakom which is made up of many groups.

As a matter of fact, the Chinese minority is a heterogeneous group. They are divided or disunited in matters of culture, religion, social classes, and political views. Thus, it is impossible for the minority to identify itself with one single group.

This heterogeneity of the minority may save them from complete extinction, however it will not guarantee the safety of its members in a political crisis. In addition to political par-

ticipation, the general economic conditions in particular the pri and non-pri (or the native and non-native) question will affect the intensity of clash between the two groups.

This book reminds of Mary Somer's dissertation (1963), which discusses the politics on the Chinese minority up to 1963. Coppel continues the story and discussion of Somer's that has not yet ended. Coppel has not only filled "a gap" that is quite significant, but has also made use of some very difficult to obtain materials (like the LPKB archives) in analyzing the Indonesian politics, in particular in connection with the Chinese minority. This book will be useful to those who want to study the Chinese dilemma in Indonesia.

Social System of Indonesia

Social System of Indonesia (in Indonesian: *Sistem Sosial Indonesia*) by Nasikun, Jakarta: Rajawali Press, 1984, 98 pp. This review article by Ridwan Nazar is translated from *Suara Karya*, 26 October 1984.

The structurally functional theory and that of conflicts are two theories that have exerted a great deal of influence on sociologists in studying the social system of a society. The basic assumption of these two theories seems to differ. The structurally functional theory starts from the assumption that society basically exists in integration. Integration takes place because there is a consensus among the members of society on fundamental values, and also because the members of society are at the same time members of various social institutions. On the other hand, the theory of

conflicts holds the view that society always exists in conflicts. Order and conflict are two realities that are inherent in society. Even the existence of order and value system, this theory says further, does not mean the absence of conflicts, but it just shows the existence of potential conflicts.

These two theories have been made an instrument by the writer for analyzing the social systems in Indonesia, and then for linking it with the problem of national integration. The writer starts with looking at the structural of Indonesian society. The structure of Indonesian society is marked by the existence of social institutions based on differences of tribe, customs, religion and region. Vertically there also appear lower and upper strata. This shows that Indonesian society is pluralistic in nature.

There are six characteristics of a pluralistic society. *First*, a segmentation into groups that have often sub-cultures that differ from each other. *Second*, it has a social structure divided into institutions that are not complementary. *Third*, it does not sufficiently develop a consensus among its members on fundamental social values. *Fourth*, there occur relatively frequent conflicts between the groups. *Fifth*, relatively a social integration grows because of coercion and interdependence in the economic field. *Sixth*, there is a political dominance by one group over another (p. 69).

Given these basic characteristics of a pluralistic society based on van den Berghe's theory, the validity of the assumption of the structurally functional theory on the factors as the cause of the integration of a society becomes shaky. How is a pluralistic society able to last when conflicts are so potential? Thus far the structurally functional theory seems to reach a deadlock. But it is soon overcome by the theory of conflicts. According to this latter, a pluralistic society becomes integrated under coercion by the dominant group or social institution over the other groups or social institutions.

To a certain degree there is some truth in that view. We can see that after Indonesia has achieved its independence, the weakness of the

mechanism for controlling conflicts has invited a dominant social institution or force, that to some extent imposes its power to make the social system function. Whatever the case, however, that coercion is still within the limits of the consensus of society on fundamental social values (p. 71)

In another section the writer says that party structure constitutes the realization of the social structure of the Indonesian society. The facts show that differences of tribe, religion, region and social strata have brought about a "sham group" that in the context of popular understanding can be called a group that will become the source from which members of an interests group are to be recruited. One of the interest groups is the political party. We see, for instance, the emergence of the Masyumi, PNI, PSI, Parkindo, PKI and the like. These parties have different backgrounds, characteristics, basis and mechanism. Hence, the emergence of conflicts is always a possibility.

Now, how should one create the integration of the Indonesian society that is pluralistic in nature? The writer does not fully agree with the theory of conflicts according to which the factor of coercion or force constitutes the chief element for bringing about integration. To some extent coercion can be justified. The restraints from the use of excessive coercion are fundamental values that have been agreed upon by all. The consensus on fundamental values must start from the existence of an awareness of nationhood, statehood, that shows the identity of being a member of a nation. This is national awareness. Then a consensus must be achieved on how to lead a life of togetherness as a nation, that is to establish a value system that will become the basis of social relations between the members of society.

For the Indonesian people the recognition of having one homeland, one nation and one language constitutes a national consensus showing a strong national awareness. This means that one of the forms of consensus for achieving national integration has been reached. How is the will to conduct or realize common life?

With regard to this, the writer points out how Pancasila has grown as the philosophical basis and ideology of the state. Pancasila firstly shows an anti-colonialism declaration. Secondly it is a common declaration of the various components of Indonesian society to cultivate tolerance and accommodation that derive from a recognition of the diversity of Indonesian society in terms of tribe, religion, region and social strata. Thirdly, by its nature Pancasila is the formulation of a common determination of the Indonesian people to conduct a life based on the ideals of the belief in the one and only God, just and civilized humanity, Indonesian unity, democracy guided by wisdom in discussion/representation, and social justice for the whole Indonesian people.

What is spelled out in the formulation of Pancasila is thereafter embodied in all rules of law and practised in the life of togetherness. In that way Pancasila may become an element in the integration of the nation.

In the last chapter of this book, the writer also warns that efforts at socializing Pancasila is imperative. Unless this socialization runs smoothly, genuine national integration will not be achieved. Carelessness in implementing the socialization of Pancasila will cause society to be easily socialized by values that are primordial, regional and the like. And then there will be an inclination to interpret various national problems and Pancasila itself from the viewpoint of the values understood (p. 76).

This book does apparently not only wish to prove that the structurally functional theory and the theory of conflicts that a great deal influence sociologists, contain some weaknesses when confronted with reality. But more than that, the writer actually invites the reader to understand the problem of national integration of the Indonesian people as a pluralistic society. Its systematic elaboration and its simple way of presentation add to the quality of the book. Even for beginners who wish to understand social problems it is not difficult to understand its content.

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